



FORM 10-K

LANGER INC - GAIT

Exhibit:

Filed: May 29, 2001 (period: February 28, 2001)

Annual report which provides a comprehensive overview of the company for the past year

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K
FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

/x/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended FEBRUARY 28, 2001

OR

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

Commission File No. 0-12991

THE LANGER BIOMECHANICS GROUP, INC.

(Exact name of Registrant as specified in its charter)

NEW YORK

11-2239561

(State or other jurisdiction
of incorporation or organization)

(I.R.S. employer
identification number)

450 COMMACK ROAD, DEER PARK, NEW YORK 11729

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (631) 667-1200

Securities registered pursuant to Section 12(b) of the Act: NONE

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

COMMON STOCK, PAR VALUE \$.02 PER SHARE

Title of Class

* * * * *

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES x NO
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ()

As of May 15, 2001 the aggregate market value of voting stock held by non-affiliates of the Registrant was \$6,152,707, as computed by reference to the average bid and ask prices of the stock (4.48) multiplied by the number of shares of voting stock outstanding on May 15, 2001 held by non-affiliates (1,373,372).

Indicate the number of shares outstanding of each of the Registrant's classes of common stock as of May 15, 2001.

CLASS OF COMMON STOCK -----	OUTSTANDING AT MAY 15, 2001 -----
Common Stock, par value \$.02 per share	4,181,922 shares

DOCUMENTS INCORPORATED BY REFERENCE

Not applicable.

PART I

ITEM 1. BUSINESS

GENERAL

The Langer Biomechanics Group, Inc. (or the "Company") is engaged in the design, manufacture and marketing of foot and gait-related biomechanical products. The Company's largest product line, custom-made, prescription orthotic devices, accounted for approximately 85% of revenues for the fiscal year ended February 28, 2001. Foot orthoses are contoured molds made from plastic, graphite, leather or composite materials, which are placed in patients' shoes to (i) correct or mitigate abnormalities in their gait and (ii) relieve symptoms associated with foot or postural malalignment. These devices function by maintaining the proper relationships between a patient's forefoot, rearfoot, leg and horizontal walking surface. To the Company's knowledge, it has the greatest overall unit volume and revenue in the custom foot orthoses industry. The Company's customers are primarily podiatrists, and also include orthopedists, physical therapists and Orthotic & Prosthetic ("O&P") centers.

In addition to its line of orthotics products, the Company has developed and markets a number of other products that help treat biomechanical medical problems related to feet and gait, including PPT-Registered Trademark- Medical Grade Soft Tissue Supplement and CRS-Registered Trademark- Pediatric Counter Rotation Splint.

BACKGROUND AND RECENT DEVELOPMENTS

Since its formation under the laws of the state of New York in 1971, the Company has engaged in activities relating to the application of scientific and quantitative methods for the diagnosis and treatment of foot and gait-related problems. To date, the majority of the Company's revenues have been derived from the sale of prescription biomechanical foot orthotic devices to health care practitioners in the field of podiatric biomechanics. Podiatric biomechanics deals essentially with the structure and function of segments of the feet as they relate to each other and to the function of the legs, hips and spine.

The Company has also endeavored to manufacture and market complementary products relating to locomotor dysfunctions. Building on its experience in treating disorders associated with the biomechanics of the foot and leg, the Company has directed efforts towards producing therapeutic products which can treat and improve patients' motor capabilities, biomechanical alignment and function.

Export and foreign sales constituted approximately 36%, 34% and 26% of revenues for the fiscal years ended February 28, 2001, and February 29, 2000 and February 28, 1999, respectively.

Effective February 13, 2001, Andrew H. Meyers, Greg Nelson and Langer Partners LLC, and its designees ("Offerors"), acquired a controlling interest in the Company when they purchased 1,362,509 validly tendered shares of the Company at \$1.525 per share, or approximately 51% of the then outstanding common stock of the Company, under the terms of a December 27, 2000 Tender Offer Agreement (the "Tender"), under which the Offerors offered to purchase up to 75% of the Company's common stock. In order to provide the Company with adequate equity to maintain the Company's compliance with the listing requirements of the NASDAQ small cap market and to enable the Company to finance its ongoing operations as well as potentially take advantages of opportunities in the market place, in order to induce the Offerors to enter into their Tender Offer Agreement, pursuant to its terms, the Offerors were granted 180 day options to purchase up to 1,400,000 shares of the Company's common stock, with an initial exercise price of \$1.525 per share, rising up to \$1.60 per share (the "Options"). These options have been recorded as a non-cash dividend of \$3,206,000, the fair market value of the Option on the date of grant. Upon the closing of the Tender, the Board of Directors of the Company resigned in favor of Andrew H. Meyers (President and Chief Executive Officer), Burt Ehrlich (Chairman of the Board), Jonathan R. Foster, Greg Nelson and Arthur Goldstein, and the Company issued a total of 120,000 options to the four new outside members of the Board of Directors in connection with their services on members of the Board.

In connection with the Tender and the resultant change in control, the Company recorded costs and expenses of approximately \$1,008,000. Please refer to Management's Discussion and Analysis for a further discussion of these charges.

New management intends to expand the Company's business through internal growth and acquisitions of companies in the medical device area in the United States and Europe. Depending upon the opportunities available, the

Company may seek additional debt or equity financing. No assurances can be made that the Company will find or consummate such additional financing on terms acceptable to the Company.

As part of the change in control, new management determined that the Company required additional cash to potentially take advantage of opportunities in the marketplace. On February 13, 2001, three Directors of the Company purchased 147,541 restricted shares at \$1.525 for total proceeds of \$225,000. On May 11, 2001, the Offerors fully exercised the Options at \$1.525 per share for \$2,135,000, which was invested in the Company. Andrew H. Meyers converted an existing \$500,000 loan plus accrued interest as partial proceeds toward the exercise of this Option. Prior to the exercise of this Option, the Company's net worth dropped below the minimum required levels for listing on NASDAQ. This shortfall has been fully remedied through the exercise of this Option and management anticipates that the Company will continue to meet the NASDAQ listing requirements.

CUSTOM ORTHOTIC DEVICES

During the twelve months ended February 28, 2001, Langer's sales of custom biomechanical orthotic devices totaled \$9,906,000, compared to \$9,305,000 for the twelve months ended February 29, 2000. Increased revenue resulted from increased unit volume in both the Company's domestic operations and the United Kingdom subsidiary.

Biomechanical orthotic devices help provide near normal function by maintaining the angular anatomical relationships between the patient's forefoot, rearfoot, leg and horizontal walking surface. This is achieved by the inherent contours of the neutral position shell of the device and by the angled posts on the front and/or rear ends that cause the orthotic device to move into specific positions at specific times during the gait cycle. Accordingly, muscle action is enhanced and the efficiency and smoothness of weight stress transmission through the feet and legs is improved. The result is a reduction of abnormal motion without total restriction of normal motion and an increase in foot and leg stability. Foot problems may be alleviated or eliminated, as may leg and back fatigue caused by improper muscle use. The formation and further growth of excrescences (e.g., corns, calluses, bunions) may be prevented, decreased in size or eliminated. Biomechanical orthotic devices can be fabricated with different functional capabilities and from various materials, depending upon the requirements of the patient.

The Company has designed orthotic devices to address the needs of particular segments of the market. For example, the general interest in physical fitness has resulted in demand for orthotic devices and it has heightened the awareness of the importance of proper foot function and foot care. To address this segment of the market, the Company manufactures an extensive line of orthotics called Sporhotics-Registered Trademark-, designed for the specific needs of runners and other sport-specific athletes, including football, basketball and tennis players. Langer offers many specialized products including: Healthflex-Registered Trademark- (designed for the needs of aerobic dance, walking and exercise enthusiasts), DesignLine-Registered Trademark- (a functional orthotic designed to fit into dress shoes, such as high fashion shoes and loafers which cannot accommodate a full-size orthotic), DressFlex-Registered Trademark- (a unique patented proprietary device for use in women's high-heeled shoes.)

While sales were primarily made to practitioners within the United States, the Company also sold its orthotic products in approximately thirty-two foreign countries. No single orthotic customer presently accounts for more than 1% of the Company's annual sales. The primary market for custom orthotic devices is podiatrists who prescribe such devices for their patients. There are approximately 14,000 practitioners of podiatry licensed in the United States. Orthotic devices are also sold to other health care professionals, such as orthopedists, physical therapists and orthotists/prosthetists engaged in the treatment of the foot and lower extremity.

Langer makes orthotic devices in the Company's three facilities in Deer Park, New York; Brea, California; and Stoke-on-Trent, England. The prescribing practitioner furnishes plaster impression casts of the patient's feet and necessary clinical information on an appropriate prescription order form. The cost of the device to the patient is typically included by the practitioner as part of his fee for treatment. The Company does not sell the devices directly to the user-patient. In addition to its six-month warranty, an individual may purchase an optional "Protect Program" extended warranty. Under the program, the Company will repair or replace the orthotics at no charge, or at a reduced charge, during the first 24 months following sale.

Another custom-made product line called "FirstChoice" was introduced in fiscal 1995 in order to address price-sensitive market areas, including managed care organizations. The product offering is limited to several basic products and has flat rate pricing. The manufacturing and service areas are also limited in order to reduce costs.

In 2000, Langer launched its first prefabricated foot orthoses, called Contours-TM-. When cost is an issue for the patient, Contours provide an off-the-shelf option for practitioners treating patients with certain foot conditions. These prefabricated foot orthoses require no special casting by the practitioner and are sold to practitioners through Langer and its distributors. While the Company obtains a number of its fabrication materials from single sources, it has not experienced any significant shortages other than occasional backorders. In most cases, any needed materials can usually be obtained from an alternate distributor.

The Company believes that a relatively small percentage of custom orthotic devices continue to be made by practitioners in their own offices or laboratories. The vast majority of the market is serviced by professional laboratories based on casts and prescriptions furnished by practitioners. There are several other custom orthotic laboratories that are national in scope which the Company believes hold approximately a combined 40% to 45% of the overall custom market. The remainder of the market is fragmented among smaller regional and local facilities.

PPT-REGISTERED TRADEMARK- PRODUCTS

PPT is a medical grade soft tissue cushioning material with a high density, open-celled urethane foam structure. PPT, a registered trademark of the Company, is manufactured, pursuant to an agreement, for the Company by a large industrial manufacturing company. This company manufactures urethane foam materials of which PPT is a derivative. Pursuant to the agreement, the Company has the exclusive worldwide rights to serve footcare, orthopedic and related medical markets with such materials.

The Company has developed and sells a variety of products fabricated from PPT including molded insoles, components for orthotic devices, laminated sheets, and diabetic products. Some manufacturing operations associated with these products are performed by outside vendors.

Sales of PPT products for the twelve months ended February 28, 2001 were \$1,240,000 versus \$1,303,000 in the prior fiscal year. The decrease is primarily attributable to lower sales to domestic distributors.

In 1993, the Company introduced a new generation of PPT, which independent tests show to have improved properties over competitive materials. The essential function of PPT and other soft tissue supplements is to provide protection against forces of pressure, shock and shear. The Company believes that PPT's characteristics make it a superior product in its field. PPT has a superior "memory" that enables it to return to its original shape faster and more accurately than other materials used for similar purposes. PPT is also odorless and non-sensitizing to the skin, and has a porosity that helps the skin to remain dry, cool and comfortable. These factors are especially important in sports medicine applications.

Besides podiatric use, PPT is suitable for other orthopedic and medical-related uses such as liners for braces and prosthetics, as shock absorbers and generally in devices used in sports and physical therapy. The company is in the process of expanding its PPT product offering to include shoe inserts and braces marketing as PPTGel-TM-.

The Company has awarded exclusive distribution arrangements to certain leading distributors serving selected end-use markets in the United States and other countries. The Company sells direct to practitioners in non-exclusive markets.

The market for soft tissue supplements is highly competitive. Brand products as well as commodity type foam rubber are all widely used. Brand name products include Spenco, Sorbothane, medical-grade Poron, and DCS. The remainder of the market is fragmented. The Company competes directly with one other manufacturer of cellular urethane foam.

MARKETING

The Company utilizes field sales representatives, targeting multi-practitioner facilities, in addition to trade shows, advertising, direct mail, educational sponsorships, public relations and maintenance marketing. The Company continues to emphasize customer service by maintaining a staff of customer service representatives at each of its facilities.

The Company continues its focus on providing the education and training for healthcare practitioners who treat biomechanical problems of the lower extremity through seminar and in-service programs. A comprehensive program is offered in biomechanics, gait analysis and the cost-effectiveness of orthotic therapy.

Management promotes awareness of orthotics through marketing and operational initiatives. A Volume Incentive Program ("VIP") along with practice building assistance is oriented toward helping practitioners expand the orthotic components of their practices and relationship building with Langer's customer base.

RESEARCH AND DEVELOPMENT

As of March 1, 1999, the Company established a Product Development department to explore new applications for existing products and ensure that the Company remains on the cutting edge of orthotic therapy. Research and development costs incurred during the twelve months ended February 28, 2001 were \$252,000 compared to \$149,000 in the prior fiscal year. This increase is principally due to increased consulting expenses and costs associated with potential new product introductions.

PATENTS AND TRADEMARKS

The Company holds 13 patents, 94 trademarks and 9 copyrights. These patents and trademarks are held in 12 countries, including the United States. The Company has exclusive licenses to three types of orthotic devices which are patented in the United States and several foreign countries. In addition, patents have also been granted to a third party in the United States and numerous foreign countries with respect to the CRS (as to which the Company has exclusive marketing rights). Loss of patent protection could have an adverse effect on the Company's business by permitting competitors to utilize techniques developed by the Company.

GOVERNMENTAL REGULATION

Rules of the Food and Drug Administration ("FDA") may from time to time require the submission of a 510(k) notification of intent to market certain products. Upon submission of a 510(k), the FDA may determine the product to be substantially equivalent to products previously marketed in interstate commerce. The Company is not aware of any requirements to file any 510(k) notifications.

EMPLOYEES

At March 1, 2001, the Company had 144 employees, of which 76 were located in Deer Park, New York, 38 in Brea, California, and 30 in Stoke-on-Trent, England. The employees are not represented by a union.

CONSULTANTS AND FIELD EVALUATION FORCE

The Company has oral or written agreements with three medical specialists with respect to their providing professional consultative services to the Company in their areas of specialization. Two of the consultants are on the faculties of podiatric medicine colleges in the United States.

The consultants test and evaluate the Company's products, act as speakers for the Company at symposiums and professional meetings, generally participate in the development of the Company's products and services and disseminate information about them. The Company also relies on practitioners in various parts of the country to act as field evaluators of the Company's products.

SEASONALITY

Revenue derived from the Company's sale of orthotic devices, a substantial portion of the Company's operations, has historically been significantly higher in the warmer months of the year.

ITEM 2. PROPERTIES

The Company's executive offices, and its primary manufacturing facilities, are located in Deer Park, New York. The Deer Park facility is leased through July 31, 2005, with a four year extension option, and with monthly lease payments averaging \$25,181. The Company also leases space in Brea, California (manufacturing facility) which principally expires on December 31, 2001, and with aggregate monthly lease payments of \$9,205. The Company's United Kingdom subsidiary has a facility in Stoke-on-Trent, England which is leased through August 2004, with a five year extension option, with quarterly lease payments of \$9,500 (at the current exchange rate). The Company believes that its manufacturing facilities are suitable and adequate and provide the productive capacity necessary for its current and reasonably foreseeable future manufacturing needs. The Company believes that while these manufacturing facilities are being adequately utilized, they could be more fully utilized (e.g. with extended night shift operations) should this become necessary.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

PRICE RANGE OF COMMON STOCK

The Registrant's common stock, par value \$.02 per share ("Common Stock"), is traded on the over-the-counter market with quotations reported on the National Association of Securities Dealers Automated Quotation System (NASDAQ) under the symbol GAIT. The following table sets forth the high and low closing bid prices for the Common Stock for the fiscal years ended February 28, 2001 and February 29, 2000. The NASDAQ quotations represent prices between dealers, do not include retail markups, markdowns or commissions, and may not represent actual transactions.

TWELVE MONTHS ENDED FEBRUARY 28, 2001	HIGH	LOW
1st quarter	1-3/4	1-11/16
2nd quarter	1-10/16	1-1/2
3rd quarter	1-11/16	1-1/4
4th quarter	5-1/8	1.00

TWELVE MONTHS ENDED FEBRUARY 29, 2000	HIGH	LOW
1st quarter	2	1-1/4
2nd quarter	1-13/16	1-3/8
3rd quarter	2	1-5/8
4th quarter	1-15/16	1-11/16

Closing bid and ask prices on May 23, 2001 were \$4.45 and \$4.15, respectively. On February 28, 2001, there were approximately 300 holders of record of the Common Stock. However, this figure is exclusive of all owners whose stock is held beneficially or in "street" name. Based on information supplied by various securities dealers, the Company believes that there are in excess of 650 shareholders in total, including holders of record as well as those whose shares are beneficially held.

DIVIDEND HISTORY AND POLICY

The Registrant has never paid cash dividends on its Common Stock and anticipates that, for the foreseeable future, it will follow a policy of retaining earnings to finance the expansion and development of its business. In any event, future dividend policy will depend upon the Company's earnings, financial condition, working capital requirements and other factors.

ITEM 6. SELECTED FINANCIAL DATA
(In thousands, except for per share data)

(In thousands, except for per share data)	Fiscal Year Ended:				
	Feb. 28, 2001	Feb. 29, 2000	Feb. 28, 1999	Feb. 28, 1998	Feb. 28, 1997
Consolidated Statement of Operations:					
Net sales	\$11,642	\$11,145	\$10,307	\$10,156	\$10,515
Change in control and restructuring expenses	(1,008)	--	--	--	--
Operating (loss) profit	(1,504)	(356)	105	316	271
(Loss) income before income taxes	(1,502)	(337)	329	370	331
Provision for (benefit from) income taxes	4	(2)	25	5	28
Net (loss) income	(1,506)	(335)	304	365	303
Net income (loss) per common share:					
Basic	(0.58)	(0.13)	0.12	0.14	0.12
Diluted	(0.58)	(0.13)	0.12	0.14	0.11
Weighted average number of common shares:					
Basic	2,583	2,571	2,584	2,585	2,583
Diluted	2,583	2,571	2,607	2,658	2,666
Cash dividends per share	--	--	--	--	-
Consolidated Balance Sheets:					
Working Capital	757	1,715	2,423	2,090	2,050
Total Assets	4,554	4,738	5,125	4,848	4,445
Long-term Liabilities (excluding current maturities)	126	277	305	375	444
Stockholders' Equity	1,599	2,536	2,934	2,663	2,291

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CHANGE IN CONTROL:

Effective February 13, 2001, Andrew H. Meyers, Greg Nelson and Langer Partners LLC, and its designees ("Offerors"), acquired a controlling interest in the Company when they purchased 1,362,509 validly tendered shares of the Company at \$1.525 per share, or approximately 51% of the then outstanding common stock of the Company, under the terms of a December 27, 2000 Tender Offer Agreement (the "Tender"). Pursuant to the terms of the Tender offer Agreement, the Offerors were granted an 180 day option to purchase up to 1,400,000 shares of the Company's common stock, with an initial exercise price of \$1.525 per share, rising up to \$1.60 per share (the "Options"). This Option has been recorded as a non-cash dividend of \$3,206,000, the fair market value of the Option on the date of grant. Upon the closing of the Tender, the Board of Directors of the Company resigned in favor of Andrew H. Meyers (President and Chief Executive Officer), Burrth Ehrlich (Chairman of the Board), Jonathan R. Foster, Greg Nelson and Arthur Goldstein. In conjunction with the Tender, the Company issued a total of 120,000 options to the four new outside members of the Board of Directors.

In connection with the Tender and the resultant change in control, the Company recorded expenses of approximately \$1,008,000, which included legal fees of \$263,000, valuation and consultant fees of \$95,000, severance and related expenses for terminated employees and executives of approximately \$236,000, and other costs directly attributable to the change in control of approximately \$169,000. Additionally, as part of the change in control, a consulting firm, which was owned by the principal shareholder of Langer Partners LLC was granted 100,000 fully vested stock options with an exercise price of \$1.525 per share. Accordingly, the Company immediately recognized the fair value of the option of \$245,000 as consulting fees associated with these options.

In connection with the Tender, the Company's existing revolving credit facility with a bank was terminated. In order to provide for the Company's short-term cash needs, in February 2001, the Company's Chief Executive Officer loaned the Company \$500,000. As part of the change in control, new management determined that the Company required additional cash to potentially take advantage of opportunities in the marketplace. On February 13, 2001, three Directors of the Company purchased 147,541 restricted shares at \$1.525 for total proceeds of \$225,000. On May 11, 2001, the Offerors fully exercised the Options at \$1.525 per share for \$2,135,000, which was invested in the Company. Andrew H. Meyers, CEO, converted the \$500,000 loan plus accrued interest as partial proceeds toward the exercise of this Option. Prior to the exercise of this Option, the Company's net worth dropped below the minimum required levels for listing on NASDAQ. This shortfall has been fully remedied through the exercise of this Option and management anticipates that the Company will continue to meet the NASDAQ listing requirements.

STATEMENTS OF OPERATIONS:

The Company's net sales of \$11,642,000 for the twelve months ended February 28, 2001 were 4.5 percent above net sales of \$11,145,000 for the twelve months ended February 29, 2000. Net sales in fiscal 2000 were 8.1 percent above net sales of \$10,307,000 for the twelve months ended February 28, 1999.

Sales of orthotic products, which accounted for 85 percent of the Company's fiscal 2001 sales, increased by approximately \$601,000 or 6.5 percent to approximately \$9,906,000 in the most recent twelve-month period. The increased sales of orthotic products is principally due to increased unit volume resulting from increased marketing activities in both the Company's domestic operations as well as its United Kingdom operations. Sales of orthotic products in fiscal 2000 increased by \$784,000 or 9.2 percent to \$9,305,000 from fiscal 1999. Increased revenue resulted from increased unit volume resulting from increased marketing activities in both the Company's domestic operations as well as its United Kingdom operations.

Sales of PPT (the Company's soft tissue supplement material) for the recent twelve months were \$1,240,000, which decreased by \$63,000 or 4.8 percent from sales in the prior fiscal year. The decrease in PPT sales is principally due to lower sales to domestic distributors. For the year ended February 29, 2000, sales were \$1,303,000, representing a 2.7 percent increase from the prior year. The increase in PPT sales over the prior fiscal year was principally due to increased European sales.

Gross profit (net sales less cost of sales) as a percentage of sales decreased from 35.5 percent for the twelve months ended February 29, 2000 to 32.5 percent for the recent twelve-month period. The decrease in the gross profit percentage was primarily the result of increased shipping expenses, a provision for obsolete and slow moving inventory of approximately \$138,000 and lower productivity principally attributable to an increase in direct labor trainees as a percentage of the total direct labor workforce. Gross profit as a percentage of sales decreased from 36.4 percent for the twelve months ended February 28, 1999 to 35.5 percent for the year-end February 29, 2000. The decreased gross profit percentage was primarily the result of increased overhead costs.

For the current fiscal year, selling expenses increased by \$305,000 (or 17.8 percent), and general and administrative expenses decreased by \$448,000 (or 18.2 percent), compared to the prior twelve-month period. The increase in selling expenses is primarily due to increased salary and travel expenses and increased promotional activities focused on increasing market share and future sales. The decrease in general and administrative expenses is principally due to decreased professional fees and travel expenses. For the twelve-month period ended February 29, 2000, selling expenses increased by \$308,000, and general and administrative expenses increased by \$214,000, compared to the prior twelve-month period. The increase in selling expenses was driven by increased salary and travel expenses and increased commissions associated with the increased sales and increased promotional activities. The increase in general and administrative expenses was principally due to increased professional fees and travel expenses.

Research and development costs incurred during the twelve months ended February 28, 2001 were \$252,000 compared to \$149,000 in the prior fiscal year. This increase is principally due to increased consulting expenses and costs associated with potential new product introductions. The Company incurred no research and development expenses in fiscal 1999.

As discussed above, the Company incurred approximately \$1,008,000 of change in control and restructuring costs during fiscal 2001.

Other income for fiscal 2001 decreased to (\$2,000) from \$19,000 in the prior year principally due to decreased interest income of approximately \$28,000 resulting from reduced cash balances for investment and increased interest expense of approximately \$13,000 on the installment note used to finance equipment purchases in the prior year. Other income for fiscal year 2000 was (\$11,000) as compared to \$208,000 in the prior fiscal year. The significant decrease is due to an insurance claim settlement received in 1999 for a fire at the main production facility several years ago.

LIQUIDITY AND CAPITAL RESOURCES

Working capital as of February 28, 2001 decreased \$958,000 to \$757,000 from \$1,715,000 at February 29, 2000 and cash balances at February 28, 2001 of \$869,000 were \$49,000 below the prior year-end balance of \$918,000. During the past year, the working capital decreased as a result of the loss from operations, the costs associated with the change-in-control discussed above, and the purchase of the remaining 25% interest in the Company's Langer Biomechanics Group (UK) Limited subsidiary for \$80,000 cash and the issuance of 40,000 shares from treasury. Additionally, the Company purchased approximately \$80,000 of its common stock in the open market.

In connection with the Tender, the Company's existing revolving credit facility with a bank was terminated. In order to provide for the Company's short-term cash needs, in February 2001, the Company's Chief Executive Officer loaned the Company \$500,000 evidenced by a promissory note, bearing interest at prime plus 1%, which is due August 31, 2001, subject to prepayment under certain conditions. Upon exercise of the Options on May 11, 2001, the principal amount of the loan, together with accrued interest in the amount of \$11,112 exchanged as partial consideration for the payment of the shares of stock. On May 11, 2001, the Offerors fully exercised the Options at \$1.525 per share for \$2,135,000, which was invested in the Company.

At February 28, 2001, \$81,458 was outstanding on an \$115,000 installment note to finance the acquisition of certain machinery and equipment in the prior year. As a result of the Tender, this note became due and payable and accordingly, has been classified as current. This note was repaid in March 2001. The loan bore interest at 9.5% per annum and required 48 monthly payments of \$2,396.

Repurchases of the Company's common stock may be made from time to time in the open market at prevailing prices or in privately negotiated transactions, subject to available resources. The Company may also finance acquisitions of other companies or product lines in the future from existing cash balances and, from borrowings from institutional lenders, and/or the public or private offerings of debt or equity securities. Management believes that its existing cash balances, funds generated from operations and the proceeds from the exercise of the Options discussed above will be adequate to meet the Company's cash needs during the fiscal year ending February 28, 2002.

SEASONALITY

Revenue derived from the Company's sale of orthotic devices, a substantial portion of the Company's operations, has historically been significantly higher in the warmer months of the year.

INFLATION

The Company has in the past been able to increase the prices of its products or reduce overhead costs sufficiently to offset the effects of inflation on wages, materials and other expenses, and anticipates that it will be able to continue to do so in the future.

RECENT PRONOUNCEMENTS OF THE FINANCIAL ACCOUNTING STANDARDS BOARD

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), which requires that derivative instruments be measured at fair value and recognized as assets or liabilities in the Company's balance sheet. SFAS No.133(as amended by SFAS No. 138) is effective for all quarters of all fiscal years beginning after June 15, 2000. The Company is currently evaluating the effect that SFAS No. 133 will have on the Company's consolidated financial statements.

CERTAIN FACTORS THAT MAY AFFECT FUTURE RESULTS

Information contained or incorporated by reference in the annual report on Form 10-K and in other SEC filings by the Company contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 which can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates" or the negative thereof, other variations thereon or comparable terminology, or by discussions of strategy. No assurance can be given that future results covered by the forward-looking statements will be achieved, and other factors could also cause actual results to vary materially from the future results covered in such forward-looking statements. Factors which might cause such a difference include, but are not limited to, product demand, the impact of competitive products and pricing and general business and economic conditions.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Begins on the next page.

THE LANGER BIOMECHANICS GROUP, INC.
AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE
FEBRUARY 28, 2001, FEBRUARY 29, 2000 AND FEBRUARY 28, 1999

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All other schedules have been omitted because they are not applicable, not required or the information is disclosed in the consolidated financial statements, including the notes thereto.	

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors of
The Langer Biomechanics Group, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of The Langer Biomechanics Group, Inc. and subsidiaries (the "Company") as of February 28, 2001 and February 29, 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended February 28, 2001. Our audits also included the consolidated financial statement schedule listed in the foregoing index for the three years in the period ended February 28, 2001. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at February 28, 2001 and February 29, 2000, and the results of its operations and its cash flows for each of the three years in the period ended February 28, 2001 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

Jericho, New York
May 14, 2001

THE LANGER BIOMECHANICS GROUP, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
FEBRUARY 28, 2001 AND FEBRUARY 29, 2000

	2001 ----	2000 ----
Assets		
Current assets:		
Cash and cash equivalents	\$ 868,846	\$ 918,115
Accounts receivable, net of allowance for doubtful accounts of approximately \$58,000 in 2001 and \$63,000 in 2000	1,542,464	1,316,530
Inventories, net (Note 4)	973,863	1,189,384
Prepaid expenses and other current receivables	200,839	215,580
	-----	-----
Total current assets	3,586,012	3,639,609
Property and equipment, net (Note 5)	683,501	945,270
Other Assets (Note 9)	284,706	153,312
	-----	-----
Total Assets (Note 13)	\$ 4,554,219	\$ 4,738,191
	=====	=====
 Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 652,974	\$ 580,057
Accrued liabilities (Note 6)	1,166,162	895,925
Current portion of long-term debt (Note 13)	581,458	28,750
Unearned revenue (Note 1)	428,133	420,221
	-----	-----
Total current liabilities	2,828,727	1,924,953
Accrued pension expense (Note 9)	13,118	82,910
Unearned revenue (Note 1)	104,381	104,380
Long-term debt (Note 13)	--	81,458
Deferred income taxes (Note 7)	8,662	8,167
	-----	-----
Total liabilities	2,954,888	2,201,868
	-----	-----
 Commitments and Contingencies (Note 8)		
 Stockholders' equity (Note 10):		
Common stock, \$.02 par value. Authorized 10,000,000 shares; issued 2,849,022 shares in 2001 and 2,640,281 shares in 2000	56,981	52,806
Additional paid-in capital	10,086,555	6,325,880
Accumulated deficit	(8,118,291)	(3,405,904)
Accumulated other comprehensive loss (Note 9)	(310,457)	(300,266)
	-----	-----
	1,714,788	2,672,516
Less treasury stock at cost, 67,100 shares in 2001 and 81,500 in 2000	(115,457)	(136,193)
	-----	-----
Total stockholders' equity	1,599,331	2,536,323
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 4,554,219	\$ 4,738,191
	=====	=====

See accompanying notes to consolidated financial statements.

THE LANGER BIOMECHANICS GROUP, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED FEBRUARY 28, 2001, FEBRUARY 29, 2000 AND FEBRUARY 28, 1999

	2001	2000	1999
	-----	-----	-----
Net sales (Note 11)	\$ 11,642,152	\$ 11,145,054	\$ 10,307,114
Cost of sales	7,862,998	7,186,446	6,557,200
	-----	-----	-----
Gross profit	3,779,154	3,958,608	3,749,914
Selling expenses	2,011,390	1,706,879	1,399,339
Research and development expenses	252,345	148,710	--
General and administrative expenses	2,010,905	2,459,079	2,245,467
Change in control and restructuring expenses (Note 2)	1,008,081		
	-----	-----	-----
Operating (loss) income	(1,503,567)	(356,060)	105,108
	-----	-----	-----
Other income (expense):			
Interest income	3,440	31,032	43,958
Interest expense	(20,062)	(6,711)	(11,303)
Minority interest	5,188	5,240	(16,030)
Other (Note 11)	13,141	(10,499)	208,070
	-----	-----	-----
Other income (expense), net	1,707	19,062	224,695
	-----	-----	-----
(Loss) income before income taxes	(1,501,860)	(336,998)	329,803
Provision for (benefit from) income taxes (Note 7)	4,527	(1,724)	25,313
	-----	-----	-----
Net (loss) income	\$ (1,506,387)	\$ (335,274)	\$ 304,490
	-----	-----	-----
Weighted average number of common shares used in computation of net (loss) income per share:			
Basic	2,582,615	2,571,004	2,584,336
Diluted	2,582,615	2,571,004	2,607,285
Net (loss) income per common share:			
Basic	\$ (0.58)	\$ (0.13)	\$ 0.12
	=====	=====	=====
Diluted	\$ (0.58)	\$ (0.13)	\$ 0.12
	=====	=====	=====

See accompanying notes to consolidated financial statements.

THE LANGER BIOMECHANICS GROUP, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED FEBRUARY 28, 2001, FEBRUARY 29, 2000 AND FEBRUARY 28, 1999

	Common Stock		Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	
	Shares	Amount				Foreign Currency Translation	Minimum Pension Liability
Balance at March 1, 1998	2,585,281	\$51,706		\$6,277,543	(\$3,375,120)	(\$49,571)	(\$241,828)
Comprehensive income:							
Net income for 1999					304,490		
Foreign currency adjustment						2,676	
Minimum pension liability adjustment							(10,476)
Total comprehensive income							
Treasury stock acquired			(\$39,350)				
Issuance of stock	12,000	240		13,260			
Exercise of stock options	1,000	20		761			
Balance at February 28, 1999	2,598,281	51,966	(39,350)	6,291,564	(3,070,630)	(46,895)	(252,304)
Comprehensive income:							
Net loss for 2000					(335,274)		
Foreign currency adjustment						(612)	
Minimum pension liability adjustment							(455)
Total comprehensive income							
Treasury stock acquired			(96,843)				
Exercise of stock options	42,000	840		34,316			
Balance at February 29, 2000	2,640,281	52,806	(136,193)	6,325,880	(3,405,904)	(47,507)	(252,759)
Comprehensive income:							
Net loss for 2001					(1,506,387)		
Foreign currency adjustment						(5,227)	
Minimum pension liability adjustment							(4,964)
Total comprehensive income							
Issuance of stock	147,541	2,951		222,049			
Issuance of shares from treasury			100,949				
Non-cash dividend				3,206,000	(3,206,000)		
Treasury stock acquired			(80,213)				
Issuance of stock options for consulting services				245,000			
Exercise of stock options	61,200	1,224		87,626			
Balance at February 28, 2001	2,849,022	\$56,981	(\$115,457)	\$10,086,555	(\$8,118,291)	(\$52,734)	(\$257,723)

	Comprehensive Income	Total Stockholders' Equity
Balance at March 1, 1998		\$2,662,730
Comprehensive income:		
Net income for 1999	\$304,490	
Foreign currency adjustment	2,676	
Minimum pension liability adjustment	(10,476)	
Total comprehensive income	\$296,690	296,690
Treasury stock acquired		(39,350)
Issuance of stock		13,500
Exercise of stock options		781
Balance at February 28, 1999		2,934,351
Comprehensive income:		

Net loss for 2000	\$ (335,274)	
Foreign currency adjustment	(612)	
Minimum pension liability adjustment	(455)	

Total comprehensive income	\$ (336,341)	(336,341)

Treasury stock acquired		(96,843)
Exercise of stock options		35,156

Balance at February 29, 2000		2,536,323
Comprehensive income:		
Net loss for 2001	\$ (1,506,387)	
Foreign currency adjustment	(5,227)	
Minimum pension liability adjustment	(4,964)	

Total comprehensive income	(\$1,516,578)	(1,516,578)

Issuance of stock		225,000
Issuance of shares from treasury		100,949
Non-cash dividend		-
Treasury stock acquired		(80,213)
Issuance of stock options for consulting services		245,000
Exercise of stock options		88,850

Balance at February 28, 2001		\$1,599,331
		=====

See accompanying notes to consolidated financial statements.

THE LANGER BIOMECHANICS GROUP, INC.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 28, 2001, FEBRUARY 29, 2000 AND FEBRUARY 28, 1999

	2001 -----	2000 -----	1999 -----
Cash Flows From Operating Activities:			
Net (loss) income	\$(1,506,387)	\$(335,274)	\$ 304,490
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Deferred foreign tax provision (benefit)	976	3,028	(135)
Depreciation and amortization	301,902	301,469	213,536
Provision for doubtful accounts receivable	19,000	31,167	59,788
Issuance of stock options for consulting services	245,000	-	-
Changes in operating assets and liabilities:			
Accounts receivable	(262,412)	44,089	(91,260)
Inventories	206,813	(158,572)	9,294
Prepaid expenses and other assets	26,106	(48,806)	152,831
Accounts payable and accrued liabilities	367,861	(43,490)	102,290
Net pension liability	(73,844)	(112,344)	(28,041)
Unearned revenue	14,399	65,195	(79,468)
Net cash (used in) provided by operating activities	(660,586)	(253,538)	643,325
Cash Flows From Investing Activities -			
Langer UK purchase	(145,138)	-	-
Capital expenditures	(49,381)	(577,024)	(107,146)
Net cash used in investing activities	(194,519)	(577,024)	(107,146)
Cash Flows From Financing Activities:			
Common stock options exercised	88,850	35,156	781
Issuance of common stock	260,810	-	13,500
Treasury stock acquired	(80,213)	(96,843)	(39,350)
Proceeds from issuance of debt	500,000	115,000	-
Payments on debt	(28,750)	(4,792)	-
Issuance of common stock-UK purchase	65,139	-	-
Net cash provided by (used in) financing activities	805,836	48,521	(25,069)
Net (decrease) increase in cash and cash equivalents	(49,269)	(782,041)	511,110
Cash and cash equivalents at beginning of year	918,115	1,700,156	1,189,046
Cash and cash equivalents at end of year	\$ 868,846	\$ 918,115	\$1,700,156
Supplemental Disclosures of Cash Flow Information-			
Cash paid during the year for:			
Interest	\$17,663	\$6,711	\$ 11,303
Income taxes	\$2,348	\$8,500	\$ 5,600
Non-cash Financing Activities-			
Issuance of stock options due to change in control	\$ 3,206,000	-	-

See accompanying notes to consolidated financial statements.

THE LANGER BIOMECHANICS GROUP, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2001, FEBRUARY 29, 2000 AND FEBRUARY 28, 1999

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of The Langer Biomechanics Group, Inc. and its subsidiaries (the "Company"). All significant intercompany transactions and balances have been eliminated in consolidation.

(b) REVENUE RECOGNITION

Revenue from the sale of the Company's products is recognized at shipment. Revenues derived from extended warranty contracts relating to sales of orthotics are recorded as deferred revenue and recognized over the lives of the contracts (24 months) on a straight-line basis.

(c) CASH EQUIVALENTS

For purposes of the statement of cash flows, the Company considers all short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents (money market funds and short-term commercial paper).

(d) INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

(e) PROPERTY AND EQUIPMENT

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method. The lives on which depreciation and amortization are computed are as follows:

Leasehold improvements	Lesser of 5 years or life of lease
Machinery and equipment	5 - 10 years
Office equipment	3 - 10 years
Automobiles	3 - 5 years

The Company reviews long-lived assets and certain identifiable intangibles whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of expected future cash flows (undiscounted and without interest charges) is less than the carrying value of the asset, an impairment loss is recognized. Otherwise, an impairment loss is not recognized.

(f) INCOME TAXES

The Company accounts for income taxes using an asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Income tax expense (benefit) is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

(g) NET INCOME (LOSS) PER SHARE

Basic earnings per share are based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share are based on the weighted average number of shares of common stock and common stock equivalents (options and warrants) outstanding during the period, except where the effect would be antidilutive, computed in accordance with the treasury stock method.

(h) FOREIGN CURRENCY TRANSLATION

Assets and liabilities of the foreign subsidiary have been translated at year-end exchange rates, while revenues and expenses have been translated at average exchange rates in effect during the year. Resulting cumulative translation adjustments have been recorded as a separate component of accumulated other comprehensive loss.

(i) RECLASSIFICATIONS

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year's presentation.

(j) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) FAIR VALUE OF FINANCIAL INSTRUMENTS

At February 28, 2001 and February 29, 2000, the carrying amount of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximated fair value because of their short-term maturity. The carrying value of long-term debt at February 29, 2000 also approximated fair value based on borrowing rates currently available to the Company for debt with similar terms.

(l) INTERNAL USE SOFTWARE

In accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use", the Company capitalizes internal-use software costs upon the completion of the preliminary project stage and ceases capitalization when the software project is substantially complete and ready for its intended use. Capitalized costs are amortized on a straight-line basis over the estimated useful life of the software, but in no event more than four years.

(m) RECENT PRONOUNCEMENTS OF THE FINANCIAL ACCOUNTING STANDARDS BOARD

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), which requires that derivative instruments be measured at fair value and recognized as assets or liabilities in the Company's balance sheet. SFAS No. 133 (as amended by SFAS No. 138) is effective for all

quarters of all fiscal years beginning after June 15, 2000. The Company is currently evaluating the effect that SFAS No. 133 will have on the Company's consolidated financial statements.

(2) CHANGE IN CONTROL AND RESTRUCTURING EXPENSES

Effective February 13, 2001, Andrew H. Meyers, Greg Nelson and Langer Partners LLC, and its designees ("Offerors"), acquired a controlling interest in the Company when they purchased 1,362,509 validly tendered shares of the Company at \$1.525 per share, or approximately 51% of the then outstanding common stock of the Company, under the terms of a December 27, 2000 Tender Offer Agreement (the "Tender"), under which the Offerors offered to purchase up to 75% of the Company's common stock. In order to provide the Company with adequate equity to maintain the Company's compliance with the listing requirements of the NASDAQ small cap market and to enable the Company to finance its ongoing operations as well as potentially take advantages of opportunities in the market place, in order to induce the Offerors to enter into their Tender Offer Agreement, pursuant to its terms, the Offerors were granted 180 day options to purchase up to 1,400,000 shares of the Company's common stock, with an initial exercise price of \$1.525 per share, rising up to \$1.60 per share (the "Options"). These Options have been recorded as a non-cash dividend of \$3,206,000, the fair market value of the Option on the date of grant. Upon the closing of the Tender, the Board of Directors of the Company resigned in favor of Andrew H. Meyers (President and Chief Executive Officer), Burt Ehrlich (Chairman of the Board), Jonathan R. Foster, Greg Nelson and Arthur Goldstein. The Company issued 30,000 non-qualified options at \$1.525 to each of the four new outside members of the Board of Directors in connection with their service as members of the Board.

In connection with the Tender and the resultant change in control, the Company recorded expenses of approximately \$1,008,000, which included legal fees of \$263,000, valuation and consultant fees of \$95,000, severance and related expenses for terminated employees and executives of approximately \$236,000, and other costs directly attributable to the change in control of approximately \$169,000. As part of the change in control, a consulting firm, which is owned by the sole manager and voting member of Langer Partners LLC, a principal shareholder of the Company, was granted 100,000 fully vested stock options with an exercise price of \$1.525 per share. Accordingly, the Company immediately recognized the fair value of the option of \$245,000 as consulting fees associated with these options.

Upon closing of the Tender and the resultant change in control, the Company's existing revolving credit facility with a bank was terminated. In order to provide for the Company's short-term cash needs, in February 2001, the Company's Chief Executive Officer loaned the Company \$500,000 (see note 13). As part of the change in control, new management determined that the Company required additional cash to potentially take advantage of opportunities in the marketplace. On February 13, 2001, three Directors of the Company purchased 147,541 restricted shares at \$1.525 for total proceeds of \$225,000.

On May 11, 2001, the Offerors fully exercised the Options at \$1.525 per share for \$2,135,000, which was invested in the Company. Andrew H. Meyers, CEO, converted the \$500,000 loan plus accrued interest as partial proceeds toward the exercise of these Options.

(3) ACQUISITION

Effective April 5, 2000, the Company purchased the remaining 25% interest, which it did not previously own, in its Langer Biomechanics Group (UK) Limited subsidiary for \$80,000 cash and the issuance of 40,000 shares of common stock from treasury. Such shares were valued at \$65,139, representing the market value of the Company's common stock at the date of the transaction. The transaction was accounted for as a purchase and the excess cost over the fair value of net assets acquired of \$145,993 is being amortized on a straight-line basis over a ten-year period. Amortization expense for 2001 was \$7,300. If the acquisition were assumed to have occurred at the beginning of fiscal 2000, the impact on the results of operations would not have been material.

(4) INVENTORIES

Inventories consist of the following at February 28, 2001 and February 29, 2000:

	2001	2000
	-----	-----
Raw materials	\$ 795,111	\$ 762,282
Work-in-process	107,006	88,359
Finished goods	265,069	394,473
	-----	-----
Total inventories	1,167,186	1,245,114
Less allowance for obsolescence	193,323	55,730
	-----	-----

Net inventories

\$ 973,863
=====

\$ 1,189,384
=====

(5) PROPERTY AND EQUIPMENT

Property and equipment, at cost, is comprised of the following at February 28, 2001 and February 29, 2000:

	2001	2000
	-----	-----
Leasehold improvements	\$ 584,708	\$ 592,570
Machinery and equipment	953,395	949,091
Office equipment	2,182,760	2,168,645
Automobiles	39,750	34,712
	-----	-----
	3,760,613	3,745,018
Less accumulated depreciation and amortization	3,077,112	2,799,748
	-----	-----
Property and equipment, net	\$ 683,501	\$ 945,270
	=====	=====

(6) OTHER CURRENT LIABILITIES

Other current liabilities consist of the following at February 28, 2001 and February 29, 2000:

	2001	2000
	-----	-----
Accrued payroll and related payroll taxes	\$ 339,168	\$ 303,452
Sales credits payable	105,405	104,134
Other	721,589	488,339
	-----	-----
Total other accrued liabilities	\$ 1,166,162	\$ 895,925
	=====	=====

(7) INCOME TAXES

The provision for (benefit from) income taxes is comprised of the following for the years ended February 28, 2001, February 29, 2000 and February 28, 1999:

	2001	2000	1999
	-----	-----	-----
Current:			
Federal	\$ -	\$ 1,500	\$ (2,500)
State	5,000	(7,200)	9,000
Foreign	(1,774)	948	18,948
	-----	-----	-----
	3,226	(4,752)	25,448
Deferred - Foreign	1,301	3,028	(135)
	-----	-----	-----
	\$ 4,527	\$ (1,724)	\$ 25,313
	=====	=====	=====

As of February 28, 2001, the Company has net Federal tax operating loss carryforwards of approximately \$3,773,000, which may be applied against future taxable income and expire from 2002 through 2013. The Company also has available tax credit carryforwards of approximately \$141,000.

The following is a summary of deferred tax assets and liabilities as of February 28, 2001 and February 29, 2000:

	2001 -----	2000 -----
Current deferred tax assets	\$ 202,389	\$ 148,458
Non-current:		
Deferred tax assets	1,436,591	1,094,201
Deferred tax liability	(8,662)	(8,167)
Non-current deferred tax assets, net	1,427,929	1,086,034
Total deferred tax assets, net	1,630,318	1,234,492
Valuation allowance	(1,638,980)	(1,242,659)
Net	\$ (8,662)	\$ (8,167)
	=====	=====

The following is a summary of the domestic and foreign components of (loss) income before taxes for the years ending February 28, 2001, February 29, 2000 and February 28, 1999:

	2001 -----	2000 -----	1999 -----
Domestic	\$ (1,466,510)	\$ (325,254)	\$ 262,792
Foreign	(35,350)	(11,744)	67,011
	\$ (1,501,860)	\$ (336,998)	\$ 329,803
	=====	=====	=====

The current deferred tax assets primarily relate to deferred revenue, inventory and accounts receivable reserves, accrued pension and accrued vacation. The non-current deferred tax assets are primarily composed of deferred revenue and Federal net operating loss carryforwards. The non-current deferred tax liability is primarily composed of excess tax depreciation over book depreciation and is entirely related to foreign operations. The increase in the valuation allowance during fiscal 2001 resulted from the creation of additional net operating loss carryforwards not recognized for financial statement purposes. Future utilization of these net operating loss carryforwards will be limited under existing tax law due to the change in control of the Company (Note 2).

The Company's effective provision for income taxes differs from the Federal statutory rate. The reasons for such differences are as follows:

	FEBRUARY 28, 2001 -----		FEBRUARY 29, 2000 -----		FEBRUARY 28, 1999 -----	
	AMOUNT -----	%	AMOUNT -----	%	AMOUNT -----	%
Provision at Federal statutory rate	\$ (510,633)	(34.0)%	\$ (114,579)	34.0%	\$ 112,133	34.0%
Increase (decrease) in taxes resulting from:						
State income taxes, net of Federal benefit	3,300	.2	(4,752)	(1.4)	9,000	2.7
Foreign taxes	11,546	.8	7,969	2.3	18,813	5.7
(Use) creation of net operating loss carryforwards	500,314	33.3	109,638	32.6	(114,633)	(34.7)
Effective tax rate	\$ 4,527	.3%	\$ (1,724)	(0.5)%	\$ 25,313	7.7%
	=====	=====	=====	=====	=====	=====

(8) COMMITMENTS AND CONTINGENCIES

(a) LEASES

Certain of the Company's facilities and equipment are leased under noncancellable operating leases. Rental expense amounted to \$496,401, \$449,754 and \$430,345 for the years ended February 28, 2001, February 29, 2000 and February 28, 1999, respectively.

The following is a schedule, by fiscal year, of future minimum rental payments required under operating leases as of February 28, 2001:

FISCAL YEAR ENDING FEBRUARY:	AMOUNT
-----	-----
2002	\$ 463,232
2003	359,002
2004	351,506
2005	341,580
2006	192,522

Total	\$1,707,842
	=====

(b) ROYALTIES

The Company has entered into a number of agreements with licensors, consultants and suppliers, including:

1. An agreement with a licensor, which provides for the Company to pay royalties of 15 percent, with a minimum annual royalty of \$25,000, on the net sales of a product named the Pediatric Counter Rotation System.
2. Agreements with certain licensors, which provide for the Company to pay royalties ranging from 2.5 percent to 15 percent on the net sales of certain biomechanical devices.
3. An agreement with a licensor to pay a royalty of \$.85 for every positive mold used in the manufacture of custom orthotics generated by the proprietary software developed by the licensor. Additionally, the Company has an exclusive license expiring in June 2001 with this licensor for the custom manufacture of footbed products requiring an annual royalty of \$42,500. The Company has not manufactured any product under this license and has notified the licensor that it will not renew its exclusive license and has charged the remaining obligation of \$14,167 to restructuring expense.

Royalties under the above-mentioned agreements aggregated \$79,138, \$34,285 and \$34,095 for the years ended February 28, 2001, February 29, 2000 and February 28, 1999, respectively.

(9) PENSION PLAN AND 401(k) PLAN

The Company maintains a non-contributory defined benefit pension plan covering substantially all employees. In 1986, the Company adopted an amendment to the plan under which future benefit accruals to the plan will cease (freezing of the maximum benefits available to employees as of July 30, 1986), other than those required by law. Previously accrued benefits will remain in effect and will continue to vest under the original terms of the plan.

The following table sets forth the Company's defined benefit plan status at February 28, 2001 and February 29, 2000, determined by the plan's actuary in accordance with Statement of Financial Accounting Standards ("SFAS") No. 87, "Employers' Accounting for Pensions", as amended by SFAS No. 132:

	2001	2000
	-----	-----
Projected benefit obligation	\$ (455,334)	\$ (438,900)
Plan assets at fair market value (primarily bond mutual funds)	442,216	355,990
	-----	-----
Projected benefit obligation in excess of plan assets	(13,118)	(82,910)
Unrecognized transition liability	135,693	143,484
Unrecognized net loss	257,723	252,759
Minimum additional liability	(393,416)	(396,243)
	-----	-----
Accrued pension cost	\$ (13,118)	\$ (82,910)
	=====	=====
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	\$ (438,900)	\$ (413,708)
Interest cost	(32,918)	(31,028)
Benefits paid	19,053	7,627
Actuarial loss	(2,569)	(1,791)
	-----	-----
Projected benefit obligation, end of year	\$ (455,334)	\$ (438,900)
	=====	=====
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ 355,990	\$ 257,244
Actual return on plan assets	13,515	3,480
Employer contribution	91,764	102,893
Benefits paid	(19,053)	(7,627)
	-----	-----
Fair value of plan assets, end of year	\$ 442,216	\$ 355,990
	=====	=====

Net periodic pension expense is comprised of the following components for the years ended February 28, 2001, February 29, 2000 and February 28, 1999:

	2001	2000	1999
	-----	-----	-----
Interest cost on projected benefit obligations	\$ 32,918	\$ 31,028	\$ 30,355
Expected return on plan assets	(29,426)	(22,866)	(17,595)
Amortization of unrecognized transition liability	7,791	7,791	7,791
Recognized actuarial loss	13,517	12,680	11,834
	-----	-----	-----
Net periodic pension expense	\$ 24,800	\$ 28,633	\$ 32,385
	=====	=====	=====

The discount rate used in determining the actuarial present value of the projected benefit obligation was 7.50% at February 28, 2001 and February 29, 2000. The rate of return on plan assets was assumed to be 7.50% at February 28, 2001 and February 29, 2000. No assumed increase in compensation levels was used since future benefit accruals have ceased (as discussed above). The unrecognized transition liability and unrecognized net loss are being amortized over 30.4 and 18.2 years, respectively.

In fiscal 2001 and 2000, as required by Statement of Financial Accounting Standards No. 87, the Company recorded a pension liability (\$13,118 and \$82,910, respectively, included in "Accrued pension expense") to reflect the excess of accumulated benefits over the fair value of pension plan assets. Since the required additional pension liability is in excess of the related unrecognized prior service cost (unrecognized transition liability), an amount equal to the unrecognized prior service cost has been recognized as an intangible asset (\$135,693 and \$143,484 included in "Other assets" as of February 28, 2001 and February 29, 2000, respectively). The remaining liability required to be recognized is reported as a separate component of stockholders' equity.

The Company has a defined contribution retirement and savings plan (the "401(k) Plan") designed to qualify under Section 401(k) of the Internal Revenue Code (the "Code"). Eligible employees include those who are at least twenty-one years old and who have worked at least 1,000 hours during any one year. The Company may make matching contributions in amounts that the Company determines at its discretion at the beginning of each year. In addition, the Company may make further discretionary contributions. Participating employees are immediately vested in amounts attributable to their own salary or wage reduction elections, and are vested in Company matching and discretionary contributions under a vesting schedule that provides for ratable vesting over the second through sixth years of service. The assets of the 401(k) Plan are invested in stock, bond and money market mutual funds. For the years ended February 28, 2001, February 29, 2000 and February 28, 1999, the Company made contributions totaling \$34,638, \$32,447 and \$27,387, respectively, to the 401(k) Plan.

(10) STOCK OPTIONS

The Company maintained a stock option plan for employees, officers, directors, consultants and advisors of the Company covering 550,000 shares of common stock (the "1992 Plan"). Options granted under the 1992 Plan are exercisable for a period of either five or ten years at an exercise price at least equal to 100 percent of the fair market value of the Company's common stock at the date of grant. Options become exercisable under various cumulative increments over the next nine years. The Board of Directors has the discretion as to the persons to be granted options as well as the number of shares and terms of the option agreements. The expiration date of the plan is July 26, 2002. On February 13, 2001, the Board of Directors approved and adopted, subject to shareholder approval, a new stock incentive plan for a maximum of 1,500,000 shares of common stock (the "2001 Plan"). In December 2000, 175,000 incentive stock options were granted to Andrew H. Meyers under the 1992 Plan and 80,000 incentive options were granted to Steven Goldstein under the 1992 Plan.

The Company has also granted non-incentive stock options. These options are generally exercisable for a period of five or ten years and are issued at a price equal to or lower than the fair market value of the Company's common stock at the date of grant. On February 13, 2001, the Company granted 30,000 non-incentive stock options at an exercise price of 1.525 per share to each of the Company's four outside directors under the 2001 Plan subject to shareholder approval of this plan and 100,000 options to a consulting firm, the principal shareholder, which is owned by the sole manager and voting member of Langer Partners LLC (see Note 2). At February 28, 2001, 240,000 non-incentive and 277,000 incentive stock options were outstanding.

Options granted under both the 1992 Plan and the 2001 Plan exclude the 1,400,000 Options granted pursuant to the Tender Offer Agreement in connection with the change in control (see Note 2).

The following is a summary of activity related to the Company's incentive and non-incentive stock options:

	NUMBER OF SHARES	EXERCISE PRICE RANGE PER SHARE	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
Outstanding at February 28, 1998	251,250	\$.56 - \$2.19	\$1.35
Granted	175,000	1.13	1.13
Exercised	(1,000)	.78	.78
Cancelled	(50,000)	.75	.75
Outstanding at February 28, 1999	375,250	.56 - 2.19	1.36
Granted	105,000	1.50-2.00	1.66
Exercised	(42,000)	.78-.88	.84
Cancelled	(67,250)	.56-2.19	1.64
Outstanding at February 29, 2000	371,000	1.13 - 2.19	1.36
Granted	480,000	1.525- 1.69	1.53
Exercised	(86,200)	1.13-2.00	1.36
Cancelled	(247,800)	1.13 - 2.00	1.35
Outstanding at February 28, 2001	517,000	\$1.50 - \$2.19	\$ 1.54

At February 28, 2001, 246,000 options were exercisable, 271,000 options were unexercisable and no options were available for issuance under the 1992 Plan. Upon shareholder approval of the 2001 Plan, 1,200,000 additional options will be available for grant. The options outstanding at February 28, 2001 had remaining lives of between less than one year and more than nine years, with a weighted average life of 7.52 years.

At February 28, 2001, there were 386,300 shares of common stock reserved for issuance under the 1992 Plan.

ADDITIONAL STOCK PLAN INFORMATION

The Company continues to account for its stock-based awards using the intrinsic value method in accordance with APB 25, "Accounting for Stock Issued to Employees", and its related interpretations. Accordingly, no compensation expense has been recognized in the financial statements for employee stock arrangements.

SFAS No. 123, "Accounting for Stock-Based Compensation", requires the disclosure of pro forma net income and net income per share had the Company adopted the fair value method as of the beginning of fiscal 1997. Under SFAS No. 123, the fair value of stock-based awards to employees is calculated through the use of option pricing models, even though such models were developed to estimate the fair value of freely tradeable, fully transferable options without vesting restrictions, which significantly differ from the Company's stock option awards. These models also require subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The Company's calculations were made using the Black-Scholes option pricing model with the following weighted average assumptions: expected life, 60 months following vesting; stock volatility of 64.1 %, 38.1% and 39.08%, and risk free interest rates of 6.73 %, 5.9% and 5.4% in fiscal 2001, 2000 and 1999, respectively, and no dividends during the expected term. The Company's calculations are on a multiple option valuation approach and forfeitures are recognized as they occur. If the computed fair values of the award had been amortized to expense over the vesting period of the awards, the pro forma net income and net income per share for the years ended February 28, 2001, February 29, 2000 and February 28, 1999 would have been net (loss) income of \$(1,833,932), or \$(.71) per share, \$(346,973) or \$(.13) per share, and \$170,020, or \$.07 per share, respectively, on both a primary and fully diluted basis.

(11) EXPORT SALES AND OTHER INCOME

The Company had export sales from its United States operations of approximately 25, 22 and 15 percent of net sales for each of the years ended February 28, 2001, February 29, 2000 and February 28, 1999, respectively.

Included in Other Income for the year ended February 28, 1999 is \$150,000 related to the settlement of an insurance claim.

(12) SEGMENT INFORMATION

The Company operates in two segments (North America and United Kingdom) principally in the design, development, manufacture and sale of foot and gait-related products. Intersegment net sales are recorded at cost.

Segment

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information for the years ended February 28, 2001, February 29, 2000 and February 28, 1999 are summarized as follows:

2001	NORTH AMERICA	UNITED KINGDOM	CONSOLIDATED TOTAL
Net sales from external customers	\$10,036,238	\$1,605,914	\$11,642,152
Intersegment net sales	248,390	-	248,390
Gross margins	3,121,133	658,021	3,779,154
Operating (loss) profit	(1,587,547)	83,980	(1,503,567)
Depreciation and amortization	252,520	49,382	301,902
Total assets	3,855,618	698,601	4,554,219
Capital expenditures	38,465	10,916	49,381
2000			
Net sales from external customers	\$9,598,346	\$1,546,708	\$11,145,054
Intersegment net sales	237,439	-	237,439
Gross margins	3,353,581	605,027	3,958,608
Operating (loss) profit	(451,267)	95,207	(356,060)
Depreciation and amortization	267,994	33,475	301,469
Total assets	4,027,369	710,822	4,738,191
Capital expenditures	395,075	181,949	577,024
1999			
Net sales from external customers	\$8,948,500	\$1,358,814	\$10,307,114
Intersegment net sales	176,277	-	176,277
Gross margins	3,207,393	542,521	3,749,914
Operating profit	(68,615)	173,723	105,108
Depreciation and amortization	196,509	17,027	213,536
Total assets	4,633,039	491,541	5,124,580
Capital expenditures	100,351	6,795	107,146

(13) CREDIT FACILITIES

Upon closing of the Tender and the resultant change in control of the Company, the Company's existing revolving credit facility with a bank was terminated. In February 2001, the Company's President and Chief Executive Officer loaned \$500,000 to the Company evidenced by a promissory note, bearing interest at prime plus 1% (9.5 % at February 28, 2001), which is due August 31, 2001, subject to prepayment under certain conditions including exercising of the Options (see Note 2). Upon exercise of the Options on May 11, 2001, the principal amount of the loan, together with accrued interest in the amount of \$11,112 was exchanged by the CEO as partial consideration for the payment of the shares of stock issued upon exercise of his portion of the Options.

At February 28, 2001, \$81,458 was outstanding on an \$115,000 installment note to finance the acquisition of certain machinery and equipment in the prior year. As a result of the Tender, this note became due and payable and accordingly, has been classified as current. This note was repaid in March 2001. The loan bore interest at 9.5% per annum and required 48 monthly payments of \$2,396.

(14) RECONCILIATION OF BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per common share ("EPS") are computed based on the weighted average number of common shares outstanding during each period. Diluted earnings per common share are computed based on the weighted average number of common shares, after giving effect to dilutive common stock equivalents outstanding during each period. The following table provides a reconciliation between basic and diluted earnings per share:

	FEBRUARY 28, 2001			FOR THE YEAR ENDED FEBRUARY 29, 2000			FEBRUARY 28, 1999		
	INCOME	SHARES	PER SHARE	INCOME	SHARES	PER SHARE	INCOME	SHARES	PER SHARE
BASIC EPS									
(Loss) income available to common stockholders	\$(1,506,387)	2,582,615	\$ (.58)	\$(335,274)	2,571,004	\$ (.13)	\$ 304,490	2,584,336	\$.12

EFFECT OF DILUTIVE SECURITIES	--	--	--	--	--	--	22,949	--	--
Stock options	-----	-----	-----	-----	-----	-----	-----	-----	-----
DILUTED EPS (Loss) income available to common stockholders plus exercise of stock options	\$ (1,506,387)	2,582,615	\$ (.58)	\$ (335,274)	2,571,004	\$ (.13)	\$304,490	2,607,285	\$.12
	=====	=====	=====	=====	=====	=====	=====	=====	=====

THE LANGER BIOMECHANICS GROUP, INC.
AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
SCHEDULE II

FOR THE YEARS ENDED FEBRUARY 28, 2001, FEBRUARY 29, 2000 AND FEBRUARY 28, 1999

	SALES RETURNS AND ALLOWANCES	ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE	WARRANTY RESERVE	INVENTORY RESERVE
	-----	-----	-----	-----
At February 28, 1998	\$ 32,058	\$ 23,349	\$ 33,797	\$ 59,011
Additions	14,000	59,788	13,000	27,000
Deletions	-	46,982		18,484
	-----	-----	-----	-----
At February 28, 1999	46,058	36,155	46,797	67,527
Additions	-	31,167	-	-
Deletions	-	4,669	-	11,797
	-----	-----	-----	-----
At February 29, 2000	46,058	62,653	46,797	55,730
Additions	-	19,000	21	137,593
Deletions	17,259	23,833	-	-
	-----	-----	-----	-----
At February 28, 2001	\$ 28,799	\$ 57,820	\$ 46,818	\$ 193,323
	=====	=====	=====	=====

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

OFFICERS AND DIRECTORS

The executive officers and directors of the Company are as follows:

NAME	AGE	OFFICE
Burt R. Ehrlich	61	Chairman of the Board
Andrew H. Meyers	44	President and Chief Executive Officer; Director
Jonathan R. Foster	43	Director
Greg Nelson	51	Director
Arthur Goldstein	69	Director
Steven Goldstein	35	Vice President
Thomas G. Archbold	41	Vice President - Finance and Chief Financial Officer

Burt R. Ehrlich has been Non-Executive Chairman of the Board; Director of the Company since February 13, 2001. He has served as a director of Armor Holdings since January 1996. Mr. Ehrlich served as Chairman and Chief Operating Officer of Ehrlich Bober Financial Corp. (the predecessor of Benson Eyecare Corporation) from December 1986 until October 1992 and as a director of Benson Eyecare Corporation from October 1992 until November 1995.

Andrew H. Meyers has been the President and Chief Executive Officer; Director of the Company since February 13, 2001 and an employee from December 28, 2000 as an advisor to the Board of Directors in association with the making of the Tender. He has been an executive in the orthotics industry since 1979. From March, 1992 to December, 1996, Mr. Meyers was the President and Chief Executive Officer of Advanced Orthopedic Technologies, Inc. ("AOTI"), a publicly held company. In December 1996, AOTI was acquired by NovaCare Orthotics and Prosthetics, Inc.; Mr. Meyers supervised its integration into NovaCare, and from December 1996 until July 1999 Mr. Meyers served NovaCare in various executive positions, most recently being Executive Vice President of Sales and Marketing. When NovaCare sold its orthotics and prosthetics business to Hanger Orthopedic Group in July 1999, Mr. Meyers became Hanger's Executive Vice President of Marketing, Public Relations and Strategic Planning. In September 2000, Mr. Meyers resigned from Hanger to pursue his strategy of acquiring a company in the musculoskeletal industry.

Jonathan R. Foster has been a Director of the Company since February 13, 2001. He joined Howard Capital Management in 1994 as President. In addition to overseeing the firm's operations and strategic development, he manages the portfolios of numerous individuals and families. Mr. Foster also is responsible for managing Howard Capital Management's West Coast operations. With two decades of experience in finance and wealth management, Mr. Foster previously was managing general partner of Jonathan Foster & Co., LP, a private investment boutique he founded in 1987. Prior to that, he was an associate director of Bear, Stearns & Co., LP. Mr. Foster's earlier finance experience includes positions at Edelman Group and Oppenheimer & Company. Mr. Foster is a director of Troma Entertainment, Inc. He received his BA in Political Science from the University of Pennsylvania.

Arthur Goldstein has been a Director of the Company since February 13, 2001. He is President of AGA Associates, investment advisors founded in 1986. Prior to that, Mr. Goldstein was a financial advisor at several brokerage firms. His management experience includes President of Butler Industries, Div. of Safeguard Ind. (SFE, NYSE), and Chairman of Rudor Industries, a multi-division service organization. He was also Chairman of Gerber Industries, designers of department store interiors from 1980 to 1983. Mr. Goldstein received his BS in Management from Rensselaer Polytechnic Institute. He was also a trustee of New York Medical College and a member of the Young Presidents Organization.

Greg Nelson has been a Director of the Company since February 13, 2001. He was a co-founder of DonJoy Orthopedics, a sports medicine, knee brace company, which today is called dj Orthopedics. As President, he helped grow the company from a start-up operation to annual sales over \$70 million. DonJoy was sold to Smith+Nephew, a British-based healthcare company in 1987. Mr. Nelson is currently Chairman of BREG, Inc. which he helped co-found in 1990. BREG is a diverse orthopedic company with product lines including cold therapy, pain care products, knee bracing and soft goods.

Steven Goldstein has been a Vice President and Secretary of the Company since February 13, 2001 and an employee of the Company from December 28, 2000 in connection with the Tender. Mr. Goldstein has been Vice President of Clinical Sales and Marketing for Hanger Orthopedic Group (NYSE:HGR) a national provider of orthotic and prosthetic services since July 1999. In June 1999, Hanger acquired NovaCare's Orthotics and Prosthetics Division (NYSE:NOV), where he served as Director, Clinical Sales and Marketing. In 1996 NovaCare acquired Advanced Orthopedic Technologies (NASDAQ:AOTI) where he served as Regional Director of Patient Care Facilities. In 1996 Advanced Orthopedic Technologies Acquired Med-Tech Orthotics and Prosthetics a private organization, where he served as President and Chief Executive Officer.

Mr. Archbold has been Vice President of Finance and Chief Financial Officer since June 1999. From 1996 to 1999, he was Corporate Controller of United Capital Corporation, a publicly traded company with interests in real estate and manufacturing. From 1994 to 1996, he was Director of Finance of ALL Systems, Inc., a manufacturer of electronic equipment. Prior to that, Mr. Archbold spent nine years with Ernst & Young LLP, including four years as an audit senior manager, and he is a CPA. He received a Bachelor of Sciences in Accounting from C.W. Post College.

All directors are normally elected at the annual meeting of shareholders to hold office until the next annual meeting and until their successors are duly elected and qualified. The Company's By-Laws provide that the annual meeting of shareholders be held each year at a time and place to be designated by the Board of Directors. Directors may be removed at any time for cause by the Board of Directors and with or without cause by a majority of the votes cast at a meeting of shareholders entitled to vote for the election of directors.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company is not aware of any late filings of, or failures to file, during the fiscal year ended February 28, 2001, the reports required by Section 16(a) of the Securities Exchange Act of 1934.

LIMITATION ON LIABILITY OF DIRECTORS

As permitted by New York law, the Company's Certificate of Incorporation contains an article providing for the elimination of the personal liability of the directors of the Company to the fullest extent permitted by the provisions of paragraph (b) of Section 402 of the New York Business Corporation Law. Accordingly, a director's personal liability would be eliminated for any breach of a director's duty, unless, among other things, the director's actions or omissions were in bad faith, involved intentional misconduct or a knowing violation of the law, or personal gain in fact of a financial profit to which the director was not lawfully entitled. This article is intended to afford directors additional protection, and limit their potential liability, from suits alleging a breach of the duty of care by a director. The Company believes this article enhances the Company's ability to attract and retain qualified persons to serve as directors. As a result of the inclusion of such a provision, shareholders may be unable to recover monetary damages against directors for actions taken by them which constitute negligence or gross negligence or which are in violation of their fiduciary duties, although it may be possible to obtain injunctive or other equitable relief with respect to such actions. If equitable remedies are found not to be available to shareholders for any particular case, shareholders may not have any effective remedy against the challenged conduct.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table shows the cash compensation received by the four executive officers either whose compensation (salary and bonus) exceeded \$100,000 during the fiscal year ended February 28, 2001 or was Chief Executive Officer of the Company during such year (the "named executive officers"):

NAME AND PRINCIPAL POSITION	FISCAL YEAR	SALARY \$	ANNUAL COMPENSATION		LONG-TERM COMPENSATION
			BONUS \$	OTHER \$	OPTIONS (NO. OF SHARES)
Andrew H. Meyers President and Chief Executive Officer	2001	6,731 (1)			(5) 175,000
Daniel J. Gorney Former President and Chief Executive Officer	2001 2000 1999	160,000 (2) 158,830 34,663	- - -	30,625 (5) (5)	25,000 75,000
Thomas G. Archbold Vice President and Chief Financial Officer	2001 2000	135,923 89,551 (3)	9,500 -	(5) (5)	- 25,000
Ronald Spinelli Vice President-Operations	2001 2000	128,539 49,061 (4)	5,000 -	(5) (5)	- 20,000

- (1) Mr. Meyers' employment commenced on December 28, 2000 in an unpaid capacity as an advisor to the Board of Directors and his official duties as President and Chief Executive Officer commenced on February 13, 2001.
- (2) Mr. Gorney's employment commenced on November 30, 1998 and he resigned as chief executive officer effective February 13, 2001. Other compensation in fiscal 2001 consists of the redemption of outstanding Options in connection with the change in control.
- (3) Mr. Archbold's employment commenced June 14, 1999.
- (4) Mr. Spinelli's employment commenced October 1, 1999.
- (5) Less than 10% of the total annual salary and bonus.

OPTION GRANTS IN LAST FISCAL YEAR

OPTION GRANTS DURING THE FISCAL YEAR ENDED FEBRUARY 28, 2001 TO THE FOUR NAMED EXECUTIVE OFFICERS WERE AS FOLLOWS:

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#)	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE (\$/SH)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM (1)	
					5% (\$)	10% (\$)
Andrew H. Meyers	175,000	36.4	\$1.525	2/13/11	\$731,500	\$1,321,250
Daniel J. Gorney	-	-	-	-	-	-
Thomas G. Archbold	-	-	-	-	-	-
Ronald Spinelli	-	-	-	-	-	-

(1) The potential realizable value portion of the foregoing table illustrates value that might be received upon exercise of the options immediately prior to the expiration of their term, assuming the specified compounded rates of appreciation on the Company's common stock over the term of the options. These numbers do not take into account provisions of certain options providing for termination of the option following termination of employment.

FISCAL YEAR-END OPTION VALUES

The table below sets forth information regarding unexercised options held by the Company's named executive officers as of February 28, 2001. During fiscal 2001, 9,000 options and 7,200 options at \$2.00 were exercised by Messrs. Archbold and Spinelli, respectively.

NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR END EXERCISABLE/UNEXERCISABLE (#)	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR END EXERCISABLE/UNEXERCISABLE \$ (1)
Andrew H. Meyers	- / 175,000	- / 346,625
Daniel J. Gorney	- / -	- / -
Thomas G. Archbold	- / 16,000	- / 32,000
Ronald Spinelli	- / -	- / -

(1) The closing bid price of the Company's common stock as reported by NASDAQ on February 28, 2001 was \$3.50. Value is calculated on the difference between the option exercise price of in-the-money options and \$3.50 multiplied by the number of shares of common stock underlying the option.

LONG-TERM INCENTIVE PLAN-AWARDS IN LAST FISCAL YEAR

None.

COMPENSATION OF DIRECTORS

Members of the Board of Directors prior to the change in control, who were not executive officers of the Company, were compensated by means of the issuance of shares of Common Stock. During Fiscal 2001 the outside Directors on the Board of Directors prior to the change in control (Mr. Ardia, Mr.Granat and

Mr. Altholz) were issued 7,000 shares of common stock of the Company. Directors are reimbursed for their out-of-pocket expenses in connection with the attendance of Board of Directors meetings.

Members elected to the Board of Directors subsequent to the change in control, who are not executive officers of the Company, are expected to be principally compensated through the issuance of stock and stock options. Mr. Ehrlich will receive annual compensation of \$10,000 for services as Non-executive Chairman of the Board. On February 13, 2001 certain of the outside directors purchased restricted shares of the Company at a price of \$1.525. Messrs. Ehrlich, Goldstein and Foster purchased 65,574, 32,787 and 49,180 shares, respectively. Additionally, each of the four outside Directors who are not executive officers of the Company were issued non-qualified options to purchase 30,000 shares of common stock of the Company at a price of \$1.525 under the 2001 Plan subject to shareholder approval of the 2001 Plan. Directors are reimbursed for their out-of-pocket expenses in connection with the attendance of Board of Directors meetings.

EMPLOYMENT AGREEMENTS

As of December 28, 2000, the company entered into an Employment Agreement with Andrew H. Meyers which provides that he will serve as President and Chief Executive Officer for a three year term that will expire December 31, 2003, subject to early termination as described below. The agreement provides for a base salary of \$175,000. Mr. Meyers also received options under 1992 Stock Option Plan effective as of December 28, 2000 to purchase 175,000 shares of common stock at an exercise price per share equal to \$1.525. These options vest over a period of three years from the date of grant. Pursuant to his employment agreement, Mr. Meyers may be entitled, at the discretion of the Compensation Committee of the board, to participate in the other option plans and other bonus plans the Company has adopted based on his performance and the Company's overall performance. The Company is required to purchase \$1 million of life insurance payable to a beneficiary designated by Mr. Meyers. The Company also has the right to purchase \$5 million of key-man life insurance on Mr. Meyer's life. A "change in control" of the Company will allow Mr. Meyers to terminate his employment agreement and to receive payment of \$300,000 over a period of one year in addition to any accrued but unpaid obligations of the Company, as well as the vesting of all 175,000 options granted to him under the employment agreement. Mr. Meyers will also be entitled to such payment and the acceleration of such vesting on the 175,000 options upon the termination of his employment agreement by the Company without cause. Such 175,000 options will terminate in the event that Mr. Meyer's employment agreement is terminated by the Company for cause. Mr. Meyers has also agreed to certain confidentiality and non-competition provisions and subject to certain exceptions and limitations, to not sell, transfer or dispose of the shares of common stock of options for the purchase of common stock of the Company owned by him until December 31, 2003.

As of December 28, 2000, the Company entered into an Employment Agreement with Steven Goldstein which provides that he will serve as Vice President for a three year term expiring December 31, 2003, at a base salary of \$140,000 for the first year, \$155,000 for the second year and \$165,000 for the third year. In addition to his base salary, Mr. Goldstein received options under the 1992 Stock Option Plan effective as of December 28, 2000 to purchase 80,000 shares of Common Stock at an exercise price per share equal to \$1.525. These options vest over a period of three years from the date of the grant. Pursuant to his employment agreement, Mr. Goldstein will be entitled, at the discretion of the Compensation Committee of the board, to participate in the incentive stock option plan and other bonus plans the Company has adopted based on his performance and the Company's overall performance. Additionally, the Agreement provides for a \$50,000 signing bonus, of which \$30,000 was paid immediately and \$20,000 shall be paid on February 13, 2002, and for a guaranteed minimum bonus of \$10,000 per year for each of the three years of the contract, provided that Mr. Goldstein has not voluntarily terminated this Agreement without "Good Reason" or that the Company has not terminated the Agreement for cause. In the event of termination of Mr. Goldstein's employment for Good Reason or disability, all unvested remaining options will vest immediately. Such 80,000 options will terminate in the event that Mr. Goldstein's employment agreement is terminated by the Company for cause. Mr. Goldstein has agreed to certain confidentiality and non-

competition provisions, and to not sell, transfer or dispose of the 80,000 options (and underlying shares) granted to him under his employment agreement until December 31, 2003.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of May 15, 2001, the shares of common stock owned beneficially and of record (unless otherwise indicated) by each person owning more than five percent (5%) of the outstanding shares, each director of the Company, each named executive officer of the Company and all directors and officers of the Company as a group.

NAME (AND ADDRESS OF 5% HOLDERS) -----	NUMBER OF SHARES OWNED -----	PERCENT -----
Langer Partners LLC Two Soundview Drive Greenwich, CT 06830	1,591,856(1)	36.2 %
Andrew H. Meyers 31 The Birches Roslyn Estates, New York 11576	902,580(4)	20.5 %
Gregory R. Nelson 3664 Maria Lane Carlsbad, CA 92008	227,721(3)	5.2 %

NAME -----	SHARES OWNED -----	NUMBER OF PERCENT -----
Burt R. Ehrlich	190,574(3)(6)	4.3 %
Arthur Goldstein	62,787(3)	1.4 %
Jonathan R. Foster	128,360(3)	2.9 %
Steven Goldstein	19,672(5) ---	.5 %
Thomas G. Archbold	4,000(2) ---	.1 %
All Directors and Officers as a Group (7 persons)	1,320,694(2)	34.9%

(1) Includes 100,000 options granted to Kanders & Co. exercisable immediately. Warren B. Kanders is the sole voting member and sole shareholder of Langer Partners LLC and the sole shareholder of Kanders & Co. Inc.

(2) Includes 4,000 shares issuable under outstanding stock options exercisable within sixty days.

(3) Includes 30,000 options granted to each of the four outside directors which were immediately exercisable.

(4) Excludes options to purchase 175,000 shares pursuant to 1992 Plan.

(5) Excludes options to purchase 80,000 shares pursuant to 1992 Plan.

(6) Includes 42,500 shares held in trust by Mrs. Burt Ehrlich as trustee for the benefit of David Ehrlich and 31,500 shares held in trust by Mrs. Burt Ehrlich as trustee for the benefit of Julie Ehrlich, for which Mr. Ehrlich disclaims beneficial ownership.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

OPTION GRANT AND REGISTRATION RIGHTS AGREEMENT. In connection with the grant of the Options to Andrew H. Meyers, Greg Nelson and Langer Partners LLC to purchase 1,400,000 shares of Common Stock, pursuant to the Tender Offer Agreement, the Company entered into a Registration Rights Agreement, pursuant to which it will use its best efforts to register the shares underlying such option and any other shares held by the holders of the shares underlying such option under the Securities Act of 1933, as amended, during the three year period commencing on the date of such Registration Rights Agreement at the request of holders of at least 50% of such shares. Pursuant to such Registration Rights Agreement, the Company agreed to register such shares if the Company, for itself or for any of its security holders, shall at anytime register shares under the Securities Act, except in the case of registrations of shares pursuant to the Company's stock option plans. The Company will also pay all expenses incurred in connection with any such registration. Andrew H. Meyers and Greg Nelson are subject to lock-up agreements with the Company and Kanders & Company Inc. restricting the sale of shares under certain conditions for a period of three years.

ARDIA CONSULTING AGREEMENTS. On November 29, 2000, the Company agreed to pay Stephen V. Ardia, the then Chairman of the Board, the sum of \$25,000 for his services rendered in connection with the negotiation of the transactions contemplated by the Tender. In January 2001, Langer paid \$40,000 to Mr. Ardia, which amounts had previously not been paid but were due and owing to Mr. Ardia for his services to the Company from November 1998 to November 2000.

OFFICER BONUS AND SEVERANCE AGREEMENTS. As an incentive to the Company's executive officers prior to the change in control who were not Directors (Daniel J. Gorney, President and CEO; Thomas G. Archbold, Chief Financial Officer; and Ronald Spinelli, Vice President of Operations) to remain in the employ of the Company through the closing of the Tender and to assist in the transition period following the Closing, the Company agreed to pay stay bonuses to such executives if certain performance targets are met at the month end preceding the Closing of the Tender. Such bonuses were up to \$20,000 for Mr. Gorney, \$20,000 for Mr. Archbold and \$25,000 for Mr. Spinelli, with minimum guaranteed bonuses to Messrs. Archbold and Spinelli of \$5,000 each. To receive such bonus, such individuals were required to remain in the employ of the Company for 90 days following the Closing of the Tender. The only bonuses due and payable are the minimum bonuses which have not yet been paid. Langer will provide three months base salary as a severance payment to Messrs. Archbold and Spinelli if they are terminated without cause within six months of the Closing of the Tender. Mr. Spinelli's employment was terminated and he was paid three months severance in March 2001. The Company committed to continue to employ Mr. Gorney, and Mr. Gorney committed to remain employed with the Company, for three months after the Closing of the Offer; thereafter Mr. Gorney was entitled to receive three months base salary as a severance payment.

CONSULTING AGREEMENT WITH KANDERS & COMPANY, INC. Upon consummation of the Tender, the Company entered into, a Consulting Agreement (the "Consulting Agreement") with Kanders & Company, Inc., the sole shareholder of which is Warren B. Kanders, the sole manager and voting member of Langer Partners LLC a principal shareholder of the Company. The Consulting Agreement provides that during its term Kanders & Company, Inc. will act as a non-exclusive consultant to the Company and will provide the Company with general investment banking and financial advisory services, including assistance in the development of a corporate financing and acquisition strategy. The Consulting Agreement provides for an initial term of three years. Pursuant to the Agreement, Kanders & Company, Inc. is to receive an annual fee of \$100,000, and was granted options, exercisable immediately ("Consultant's Options") to purchase 100,000 shares of the Company at a price of \$1.525 per share and reimbursement for out-of-pocket expenses. The Consulting Agreement indemnifies Kanders & Company, Inc., against any claims brought against the Company or Kanders & Company, Inc. arising out of activities undertaken by Kanders & Company, Inc. at the request of the Company. In addition, the Consulting Agreement provides for separate engagement letters in connection with specific transactions for which Kanders & Company, Inc. will provide additional services for the Company. Kanders & Company, Inc. agreed that, during the term of the Consulting Agreement and for a period of one year thereafter, it will not solicit or engage in any business competitive with the business of the Company or, subject to certain limitations, invest in or give financial support to any business competitive with that of the Company. In connection with the issuance of the Consultant's Options, the Company granted to

Kanders & Company, Inc. certain compulsory, demand and "piggy-back" registration rights with respect to the securities issuable upon exercise of the Consultant's Options. The Consultant's Registration Rights Agreement contains certain covenants and agreements customary for such agreements, including an agreement by the Company to indemnify Kanders & Company, Inc. from certain liabilities under the Securities Act in connection with the registration of the securities underlying the Consultant's Options.

ANDREW H. MEYERS LOAN TO COMPANY. In February 2001, the Company's President and Chief Executive Officer loaned \$500,000 to the Company evidenced by a promissory note due August 31, 2001, bearing interest at prime plus 1% (9.5% at February 28, 2001) which the Company believes is comparable to the interest rate it would have to pay for loans from third parties, subject to prepayment under certain conditions including exercise of the Options (see Note 2). The Options were exercised on May 11, 2001 and Mr. Meyers converted the principal amount of the loan together with accrued interest in the amount of \$11,112 as partial consideration for the payment of the shares of stock issued upon exercise of his portion of the Options.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

(a) 1. FINANCIAL STATEMENTS

The following consolidated financial statements are filed as part of this Form 10-K:

Independent Auditors' Report

Consolidated Financial Statements:

Consolidated Balance Sheets as of February 28, 2001 and February 29, 2000

Consolidated Statements of Operations for the years ended February 28, 2001, February 29, 2000 and February 28, 1999

Consolidated Statements of Stockholders' Equity for the years ended February 28, 2001, February 29, 2000 and February 28, 1999

Consolidated Statements of Cash Flows for the years ended February 28, 2001, February 29, 2000 and February 28, 1999

Notes to Consolidated Financial Statements

2. FINANCIAL STATEMENT SCHEDULES

The following Financial Statement Schedule is filed as part of this Form 10-K:

Schedule II - Valuation and Qualifying Accounts for the years ended February 28, 2001, February 29, 2000 and February 28, 1999

All other schedules have been omitted because they are not applicable, not required or the information is disclosed in the consolidated financial statements, including the notes thereto.

3. EXHIBITS

NUMBER	DOCUMENT
-----	-----
2.1	Tender Offer Agreement, dated as of December 28, 2000, between OrthoStrategies, OrthoStrategies Acquisition Corp., and Langer (filed as Exhibit (d)(1)(A) to Schedule TO, Tender Offer Statement, filed with the Securities and Exchange Commission on January 10, 2001 ("Schedule TO") and incorporated herein by reference).
3.1	Certificate of Incorporation of the Company incorporated by reference to the Company's Registration Statement of Form S-1 (No. 2-87183), which became effective with the Securities and Exchange Commission on January 17, 1984 ("S-1").
3.2	Bylaws of the Company, as amended through July 2, 1987 incorporated by reference to Post-effective Amendment No. 1 to the Company's Registration Statement on Form S-8.
4.1	Specimen of Common Stock Certificate incorporated by reference to the Company's Registration Statement of Form S-1 (No. 2-87183), which became effective with the Securities and Exchange Commission on January 17, 1984.
10.1*	Option Agreement with Andrew H. Meyers, dated February 13, 2001.
10.2	Option Agreement with Langer Partners, LLC, dated February 13, 2001.
10.3*	Option Agreement with Jonathan Foster, dated February 13, 2001.
10.4*	Option Agreement with Greg Nelson, dated February 13, 2001.
10.5	Form of Registration Rights Agreement between the Company and Andrew H. Meyers, Langer Partners, LLC, Jonathan Foster, and Greg Nelson, dated February 13, 2001.
10.6*	Employment Agreement between the Company and Andrew H. Meyers, dated as of February 13, 2001.
10.7*	Employment Agreement between the Company and Steven Goldstein, dated

as of February 13, 2001.

- 10.8* Option Agreement between the Company and Andrew H. Meyers, dated as of December 28, 2000.
- 10.9* Option Agreement between the Company and Steven Goldstein, dated as of December 28, 2000.
- 10.10* Consulting Agreement between the Company and Kanders & Company, Inc., dated February 13, 2001 (the form of which was filed as Exhibit (d)(1)(H) to the Schedule TO and is incorporated herein by reference).
- 10.11* Option Agreement between the Company and Kanders & Company, Inc., dated February 13, 2001 (the form of which was filed as Exhibit (d)(1)(G) to the Schedule TO and is incorporated herein by reference).
- 10.12 Registration Rights Agreement between the Company and Kanders & Company, Inc., dated February 13, 2001 (the form of which was filed as Exhibit (d)(1)(I) to the Schedule TO and is incorporated herein by reference).
- 10.13 Indemnification Agreement between the Company and Kanders & Company, Inc., dated February 13, 2001 (the form of which was filed as Exhibit (d)(1)(J) to the Schedule TO and is incorporated herein by reference).
- 10.14 Letter Agreement among the Company, OrthoStrategies, OrthoStrategies Acquisition Corp, Steven V. Ardia, Thomas I. Altholz, Justin Wernick, and Kenneth Granat, dated December 28, 2000 (filed as Exhibit (d)(1)(K) to the Schedule TO and incorporated herein by reference).
- 10.15* Letter Agreement between the Company and Daniel Gorney, dated as of December 28, 2000 (filed as Exhibit (d)(1)(O) to the Schedule TO and incorporated herein by reference).
- 10.16* Letter Agreement between the Company and Thomas Archbold, dated as of December 28, 2000 (filed as Exhibit (d)(1)(P) to the Schedule TO and incorporated herein by reference).
- 10.17* Letter Agreement between the Company and Ronald J. Spinilli, dated as of December 28, 2000 (filed as Exhibit (d)(1)(Q) to the Schedule TO and incorporated herein by reference).
- 10.18* Stock Option Plan incorporated by reference to the Company's Form 10-K for the fiscal year ended February 28, 1993.

- 10.19 Langer Biomechanics Group Retirement Plan, restated as of July 20, 1979 and incorporated by reference to the S-1.
- 10.20 Agreement, dated March 26, 1992, and effective as of March 1, 1992, relating to the Company's 401(k) Tax Deferred Savings Plan and incorporated by reference to the Company's Form 10-K for the fiscal year ended February 29, 1992.
- 10.21* Consulting Agreement between the Company and Stephen V. Ardia, dated November 29, 2000.
- 10.22* Promissory Note of the Company in favor of Andrew H. Meyers, dated February 13, 2001 (filed as Exhibit 99.1 to the Company's Form 8-K Current Report, dated February 13, 2001, and incorporated herein by reference).
- 10.23 Form of Indemnification Agreement for non-management directors of the Company . 10.24 Copy of Lease related to the Company's Deer Park facilities filed as Exhibit to the Company's Form 10-K for the fiscal year ended February 29,2000.
- 10.25 Copy of Agreement, dated July 8, 1986, between BioResearch Ithaca, Inc. and the Company relating the licensing of the Pediatric Counter Rotation System incorporated by reference to the Company's Form 10-K for the year ended July 31,1986.
- 21.1 List of subsidiaries
- 23.1 Consent of accountants

* This exhibit represents a management contract or a compensatory plan

(b) REPORTS ON FORM 8-K:

The Company filed a report on Form 8-K on January 5, 2001 to report the signing of the Tender Offer Agreement dated December 28, 2000 between the Company and OrthoStrategies Acquisition Corporation ("OSA") pursuant to which OSA agreed to make a Tender Offer for up to 75% of the common stock of the Company at \$1.525 per share.

The Company filed a report on Form 8-K on February 28, 2001 to report that pursuant to the Tender Offer Agreement dated December 28, 2000, Andrew H. Meyers, Greg Nelson and Langer Partners LLC acquired a controlling interest in the Company when they purchased 1,362,509 validly tendered shares of the Company at \$1.525, or approximately 51% of the then outstanding common stock of the Company.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE LANGER BIOMECHANICS GROUP, INC.

Date: May 22, 2001

By: /s/ Andrew H. Meyers

Andrew H. Meyers, President and
Chief Executive Officer
(Principal Executive Officer)

By: /s/Thomas G. Archbold

Thomas G. Archbold, Vice President
-Finance (Principal Financial and
Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: May 22, 2001

By: /s/ Burt Ehrlich

Burt Ehrlich, Director

Date: May 22, 2001

By: /s/ Arthur Goldstein

Arthur Goldstein, Director

Date: May 22, 2001

By: /s/ Greg Nelson

Greg Nelson, Director

Date: May 22, 2001

By: /s/ Jonathan Foster

Jonathan Foster, Director

Exhibit Index

3. EXHIBITS

EXHIBIT NO.	DESCRIPTION
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3.1	Certificate of Incorporation of the Company (filed as Exhibit ____ to the Company's Registration Statement of Form S-1 (No. 2-87183), which became effective with the Securities and Exchange Commission on January 17, 1984 ("S-1"), and incorporated herein by reference).
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- 21.1 List of subsidiaries
- 23.1 Consent of accountants

* This exhibit represents a management contract or a compensatory plan
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THE OPTIONS GRANTED PURSUANT HERETO AND THE UNDERLYING SHARES OF COMMON STOCK HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT AND SUCH STATE SECURITIES LAWS.

VOID AFTER 5:00 P.M. ON AUGUST 12, 2001

THE LANGER BIOMECHANICS GROUP, INC.

Date of Original Issuance: February 13, 2001

Register No.: 1

THIS IS TO CERTIFY THAT, for value received, Andrew H. Meyers ("MEYERS"), his successors or assigns (each, a "HOLDER"), has been granted 466,384 options (each a "Langer Option"), each Langer Option entitling the owner thereof to purchase from the LANGER BIOMECHANICS GROUP, INC., a New York corporation (the "COMPANY"), at any time on or after the date hereof (the "COMMENCEMENT DATE") and on or prior to 5:00 p.m., New York City time, on August 12, 2001 (the "EXPIRATION TIME"), one duly authorized, validly issued, fully paid and nonassessable share of the common stock, par value \$.02 per share (the "Common Stock"), of the Company, as adjusted from time to time in accordance with the terms and provisions of this Option Agreement (each, an "OPTION SHARE"), all subject to the terms and conditions contained herein. Subject to adjustment as provided below, the exercise price per share (the "Exercise Price") shall be as follows:

DATE OF EXERCISE -----	EXERCISE PRICE -----
On or prior to May 14, 2001	\$1.525
After May 14, 2001, and on or prior to June 13, 2001	\$1.550
After June 13, 2001, and on or prior to July 13, 2001	\$1.575
After July, 2001 and on or prior to the Expiration Time	\$1.60

The number of Option Shares and the Exercise Price per share set forth above are subject to adjustment as provided herein. Unless otherwise expressly set forth herein, all capitalized

terms used but not otherwise defined herein shall have respective meanings attributed thereto in Section 13.

The Langer Options shall not be evidenced by any instrument or agreement apart from this Option Agreement (the "OPTION AGREEMENT").

1. Exercise of Langer Options.

1.1 The Langer Options may be exercised, in whole or in part, but not as to less than 10,000 Langer Options or, if less, the number of Langer Options evidenced hereby, on or after the Commencement Date and prior to the Expiration Time by surrendering this Option Agreement, with the exercise form provided for herein duly executed by the Holder or by the Holder's duly authorized attorney-in-fact, at the principal office of the Company, presently located at 450 Commack Road, Deer Park, New York 11729, or at such other office or agency in the United States as the Company may designate by notice to the Holder (in either event, the "COMPANY OFFICES"), accompanied by payment in full, either in the form of cash, wire transfer, bank cashier's check or certified check payable to the order of the Company, of the Exercise Price payable in respect of the Langer Options being exercised. If fewer than all of the Langer Options are exercised, the Company shall, upon each exercise prior to the Expiration Time, execute and deliver to the Holder a new Option Agreement (dated as of the date hereof) and otherwise identical hereto evidencing the balance of the Langer Options that remain exercisable.

1.2 On the date of exercise of the Langer Options, the Holder shall be deemed to have become the holder of record for all purposes of the Option Shares to which the exercise relates.

1.3 As soon as practicable, but not in excess of five (5) days, after the exercise of all or part of the Langer Options, the Company, at its expense (including the payment by it of any applicable issue taxes), will cause to be issued in the name of and delivered to the Holder a certificate or certificates evidencing the number of duly authorized, validly issued, fully paid and nonassessable Option Shares to which the Holder shall be entitled upon such exercise, provided that the Company shall not be required to pay any taxes payable as a result of the issuance of any certificate or certificates in a name other than that of the Holder, in which case the Company shall not be required to issue or deliver such certificate(s) unless or until the person or persons requesting issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

1.4 Each certificate representing Option Shares obtained upon exercise of a Langer Option shall bear a legend as follows unless such Option Shares have been registered under the Act and the issuance complies with any applicable state securities laws:

"The securities represented by this certificate have been acquired for investment and have not been registered under the Securities Act of 1933, as amended (the "ACT"). The

securities may not be sold, assigned, pledged, hypothecated or otherwise transferred except pursuant to an effective registration statement under the Act and in compliance with applicable state securities laws, or the Company receives an opinion of counsel, reasonably satisfactory to the Company, that such registration is not required and that the sale, assignment, pledge, hypothecation or transfer is in compliance with applicable state securities laws."

2. Issuance of Common Stock; Reservation of Shares.

2.1 The Company covenants and agrees that it will at all times reserve and keep available, free and clear from preemptive rights, out of its authorized but unissued Common Stock, solely for the purpose of issuance upon the exercise of Langer Options as provided herein, such number of shares of Option Shares as shall then be issuable upon the exercise of all Langer Options then outstanding.

2.2 The Company covenants and agrees that all Option Shares that may be issued upon the exercise of all or part of the Langer Options will, upon issuance in accordance with the terms hereof, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

2.3 The Company further covenants and agrees that if any shares of Common Stock reserved for the purpose of the issuance of Option Shares upon exercise of the Langer Options require registration with, or approval of, any governmental authority under any federal or state law before such shares may be validly issued or delivered upon exercise, then the Company will promptly use its best efforts to effect such registration or obtain such approval, as the case may be.

3. Adjustments of Exercise Price and Number and Character of Shares Issuable Upon Exercise.

3.1 Upon each adjustment of the Exercise Price as a result of the calculations made in this Section, this Option Agreement shall thereafter evidence the right to receive, at the adjusted Exercise Price, that number of Option Shares (calculated to the nearest one-hundredth) obtained by dividing (i) the product of the aggregate number of Option Shares covered by this Option Agreement immediately prior to such adjustment and the Exercise Price in effect immediately prior to such adjustment of the Exercise Price by (ii) the Exercise Price in effect immediately after such adjustment of the Exercise Price.

3.2 The Exercise Price will be adjusted from time to time as provided herein.

3.2.1 EXTRAORDINARY DIVIDENDS AND DISTRIBUTIONS. In case the Company at any time or from time to time after the date hereof shall declare, order, pay or make a dividend or other distribution (including, without limitation, any distribution of other or

additional stock or other securities or property or options by way of dividend or spin-off, reclassification, recapitalization or similar corporate rearrangement) on the Common Stock other than (a) a dividend payable in additional shares of Common Stock or (b) a regularly scheduled cash dividend payable out of consolidated earnings or earned surplus, determined in accordance with generally accepted accounting principles, then, in each such case, subject to Section 3.3, the Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of any class of securities entitled to receive such dividend or distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction

(1) the numerator of which shall be the Current Market Price in effect on such record date or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading, less the amount of such dividend or distribution (as determined in good faith by the Board of Directors of the Company) applicable to one share of Common Stock, and

(2) the denominator of which shall be such Current Market Price.

3.2.2 TREATMENT OF STOCK DIVIDENDS, STOCK SPLITS, ETC. In case the Company at any time or from time to time after the date hereof shall declare or pay any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then, and in each such case, the Exercise Price in effect immediately prior to the payment of such dividend or the consummation of such subdivision shall concurrently with the effectiveness of such dividend or subdivision be proportionately decreased.

3.2.3 ADJUSTMENTS FOR COMBINATIONS, ETC. In case the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Exercise Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

3.3 DE MINIMIS ADJUSTMENTS. If the amount of any adjustment of the Exercise Price per share required pursuant to this Section 3 would be less than \$.02, such amount shall be carried forward and adjustment with respect thereto made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate a change in the Exercise Price of at least \$.02 per share. All calculations under this Option Agreement shall be made to the nearest .001 of a cent or to the nearest one-hundredth of a share, as the case may be.

3.4 ABANDONED DIVIDEND OR DISTRIBUTION. If the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution (which results in an adjustment to the Exercise Price under the terms of this Option Agreement) and shall, thereafter, and before such dividend or distribution is paid or delivered to shareholders entitled thereto, legally abandon its plan to pay or deliver such

dividend or distribution, then any adjustment made to the Exercise Price and number of shares of Common Stock purchasable upon exercise of the Langer Options by reason of the taking of such record shall be reversed, and any subsequent adjustments, based thereon, shall be recomputed.

3.5 ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF SHARES.

Notwithstanding any adjustment in the Exercise Price or in the number or kind of shares of Common Stock purchasable upon exercise of the Langer Options, any Option Agreement theretofore or thereafter executed and delivered may continue to express the same number and kind of shares of Common Stock as are stated in this Option Agreement, as initially issued.

3.6 FRACTIONAL SHARES. Notwithstanding any adjustment pursuant to Section 3 in the number of shares of Common Stock covered by this Option Agreement or any other provision of this Option Agreement, the Company shall not be required to issue fractions of shares upon exercise of Langer Options or to distribute certificates which evidence fractional shares. In lieu of fractional shares, the Company shall make payment to the Holder, at the time of exercise of Langer Options as herein provided, in an amount in cash equal to such fraction multiplied by the Current Market Price of a share of Common Stock on the date of exercise of Langer Options.

4. Consolidation, Merger, etc.

4.1 ADJUSTMENTS FOR CONSOLIDATION, MERGER, SALE OF ASSETS, REORGANIZATION, ETC. In case the Company after the date hereof (a) shall consolidate with or merge into any other Person and shall not be the continuing or surviving corporation of such consolidation or merger, or (b) shall permit any other Person to consolidate with or merge into the Company and the Company shall be the continuing or surviving Person but, in connection with such consolidation or merger, the Common Stock or Other Securities shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, or (c) shall transfer all or substantially all of its properties or assets to any other Person, or (d) shall effect a capital reorganization or reclassification of the Common Stock or Other Securities (other than a capital reorganization or reclassification resulting in the issue of additional shares of Common Stock for which adjustment in the Exercise Price is provided in Section 3.2.1), then, and in the case of each such transaction, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Option Agreement, the Holder of this Option Agreement, upon the exercise of a Langer Option at any time after the consummation of such transaction, shall be entitled to receive the kind and amount of shares of stock and other securities and property receivable upon such consolidation, merger, transfer or recapitalization, by a holder of the number of securities of the Company for which a Langer Option might have been exercised immediately prior to such consolidation, merger, transfer or recapitalization. This provision shall similarly apply to successive consolidations, mergers or recapitalizations.

4.2 ASSUMPTION OF OBLIGATIONS. Notwithstanding anything contained in this Option Agreement to the contrary, the Company shall not effect any of the transactions described in clauses (a) through (d) of Section 4.1 unless, prior to the consummation thereof,

each Person (other than the Company) which may be required to deliver any stock, securities, cash or property upon the exercise of Langer Options as provided herein shall assume, by written instrument delivered to, and reasonably satisfactory to, the Holder of this Option Agreement, (a) the obligations of the Company under this Option Agreement (and if the Company shall survive the consummation of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of the Company under this Option Agreement) and (b) the obligation to deliver to the Holder such shares of stock, securities, cash or property as, in accordance with the foregoing provisions of this Section 4, the Holder may be entitled to receive.

5. No Dilution or Impairment.

The Company shall not, by amendment of its certificate of incorporation or through any consolidation, merger, reorganization, transfer of assets, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Option Agreement, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against dilution or other impairment. Without limiting the generality of the foregoing, the Company (a) shall not permit the par value of any shares of stock receivable upon the exercise of Option Agreement to exceed the amount payable therefor upon such exercise, (b) shall take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of stock, free from all taxes, liens, security interests, encumbrances, preemptive rights and charges on the exercise of the Langer Options from time to time outstanding and (c) shall not take any action which results in any adjustment of the Exercise Price if the total number of shares of Common Stock (or Other Securities) issuable after the action upon the exercise of all of the Langer Options would exceed the total number of shares of Common Stock (or Other Securities) then authorized by the Company's certificate of incorporation and available for the purpose of issue upon such exercise.

6. Registration Rights.

Reference is hereby made to that certain Registration Rights Agreement pertaining to the Option Shares dated as of the Commencement Date (the "REGISTRATION RIGHTS AGREEMENT") between the Company and Holder. Holder may assign its rights and benefits in, to and under the Registration Rights Agreement to any Holder in accordance with the terms of such agreement.

7. Replacement of Securities.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Option Agreement and of reasonably satisfactory indemnification, the Company shall promptly execute and deliver to the Holder a new Option Agreement of like tenor and date. Any such new Option Agreement executed and delivered

as a result of such loss, theft, mutilation or destruction shall constitute an additional contractual obligation on the part of the Company.

8. Registration.

This Option Agreement, as well as all other Option Agreements issued pursuant hereto shall be numbered and shall be registered in a register (the "OPTION REGISTER") maintained at the Company Offices as they are issued. The Option Register shall list the name, address and Social Security or other Federal Identification Number, if any, of all Holders. The Company shall be entitled to treat the Holder as set forth in the Option Register as the owner in fact of the Langer Options as set forth therein for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such Langer Options on the part of any other person, and shall not be liable for any registration of transfer of Langer Options that are registered or to be registered in the name of a fiduciary or the nominee of a fiduciary unless made with the actual knowledge that a fiduciary or nominee is committing a breach of trust in requesting such registration of transfer, or with such knowledge of such facts that its participation therein amounts to bad faith.

9. Transfer.

9.1 PERMISSIBLE TRANSFEREES. This Option Agreement and the right to purchase Langer Options evidenced hereby may be transferred, sold, assigned or hypothecated in whole or in part, at any time, or from time to time, provided that the Company shall not be required to issue Option Agreements as a result of any transfer granting the Holder the right to purchase less than 10,000 Option Shares. Any such transfer shall be effected by executing the form of assignment at the end hereof, and (ii) surrendering this Option Agreement for cancellation to the Company; whereupon the Company shall issue, in the name or names specified by Holder a new Option Agreement or Option Agreements of like tenor and representing in the aggregate rights to purchase the same number of shares of Common Stock as are purchasable hereunder.

9.2 TRANSFER OF OPTION. The registered Holder of this Option Agreement, by its acceptance hereof, agrees that it will not sell, assign, pledge, hypothecate or otherwise transfer this Option Agreement or the Langer Options evidenced hereby except (i) pursuant to an effective registration under the Act and in compliance with applicable state securities laws, (ii) if the Company receives an opinion of counsel, reasonably satisfactory to the Company, that such registration is not required and that the sale, assignment, pledge, hypothecation or transfer is in compliance with applicable state securities laws; or (iii) to family members of the Holder or trusts established for the benefit of family members of the Holder.

10. Exchange.

This Option Agreement may be exchanged for another Option Agreement or Option Agreements entitling the Holder thereof to purchase a like aggregate number of Option Shares as the Langer Options evidenced hereby, provided the Company shall not be required

to issue as a result of any request for exchange an Option Agreement granting the Holder the right to purchase less than 10,000 Option Shares. A Holder desiring to exchange this Option Agreement shall make such request in writing delivered to the Company, and shall surrender this Option Agreement therewith. Thereupon, the Company shall execute and deliver to the person entitled thereto a new Option Agreement or Option Agreements, as the case may be, as so requested.

11. Notices.

11.1 In the event of:

(1) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a regularly scheduled cash dividend payable out of consolidated earnings or earned surplus, determined in accordance with generally accepted accounting principles, in an amount not exceeding the amount of the immediately preceding cash dividend for such period) or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, or

(2) any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any consolidation or merger involving the Company and any other Person, any transaction or series of transactions in which more than 50% of the voting securities of the Company are transferred to another Person, or any transfer, sale or other disposition of all or substantially all the assets of the Company to any other Person, or

(3) any voluntary or involuntary dissolution, liquidation or winding-up of the Company, then, in either case, the Company shall mail to each Holder a notice specifying (i) the date or expected date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right, and (ii) the date or expected date on which any such reorganization, reclassification, recapitalization, consolidation, merger, transfer, sale, disposition, dissolution, liquidation or winding-up is to take place and the time, if any such time is to be fixed, as of which the holders of record of Common Stock (or Other Securities) shall be entitled to exchange their shares of Common Stock (or Other Securities) for the securities or other property deliverable upon such reorganization, reclassification, recapitalization, consolidation, merger, transfer, dissolution, liquidation or winding-up. Such notice shall be mailed at least 15 days prior to the date therein specified.

11.2 In each case of any adjustment or readjustment in the shares of Common Stock (or Other Securities) issuable upon the exercise of the Langer Options, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms of this Agreement and prepare a certificate, signed by the Chairman of the Board,

President or one of the Vice Presidents of the Company, and by the Chief Financial Officer, the Treasurer or one of the Assistant Treasurers of the Company, setting forth such adjustment or readjustment and showing in reasonable detail the method of calculation thereof and the facts upon which such adjustment or readjustment is based, including a statement of the number of shares of Common Stock outstanding or deemed to be outstanding, and the Exercise Price in effect immediately prior to such issue or sale and as adjusted and readjusted (if required by Section 3) on account thereof. The Company shall forthwith mail a copy of each such certificate to each holder of a Langer Option and shall, upon the written request at any time of any holder of a Langer Option, furnish to such holder a like certificate setting forth the Exercise Price at the time in effect and showing in reasonable detail how it was calculated. The Company shall also keep copies of all such certificates at its principal office and shall cause the same to be available for inspection at such office during normal business hours by any holder of a Langer Option or any prospective purchaser of a Langer Option designated by the holder thereof.

11.3 All notices and other communications hereunder shall be in writing and shall be deemed given when delivered in person, against written receipt therefor, or two days after being sent, by registered or certified mail, postage prepaid, return receipt requested, and, if to the Holder, at such address as is shown on the Option Register or as may otherwise have been furnished to the Company in writing in accordance with this Section by the Holder and, if to the Company, at the Company Offices or such other address as the Company shall give notice thereof to the Holder in accordance with this Section.

12. Definitions.

As used herein, unless the context otherwise requires, the following terms shall have the meanings indicated:

"CURRENT MARKET PRICE" shall mean, on any date specified herein, the average of the daily Market Price during the 10 consecutive trading days commencing 15 trading days before such date, except that, if on any such date the shares of Common Stock are not listed or admitted for trading on any national securities exchange or quoted in the over-the-counter market, the Current Market Price shall be the Market Price on such date.

"MARKET PRICE" shall mean, on any date specified herein, the amount per share of the Common Stock, equal to (a) the last reported sale price of such Common Stock, regular way, on such date or, in case no such sale takes place on such date, the average of the closing bid and asked prices thereof regular way on such date, in either case as officially reported on the principal national securities exchange on which such Common Stock is then listed or admitted for trading, or (b) if such Common Stock is not then listed or admitted for trading on any national securities exchange but is designated as a national market system security by the NASD, the last reported trading price of the Common Stock on such date, or (c) if there shall have been no trading on such date or if the Common Stock is not so designated, the average of the closing bid and asked prices of the Common Stock on such date as shown by the NASD automated quotation system, or (d) if such Common Stock is not then listed

or admitted for trading on any national exchange or quoted in the over-the-counter market, the fair value thereof (as of a date which is within 20 days of the date as of which the determination is to be made) determined in good faith by the Board of Directors of the Company.

"OTHER SECURITIES" shall mean any stock (other than Common Stock) and other securities of the Company or any other Person (corporate or otherwise) which the holders of the Options at any time shall be entitled to receive, or shall have received, upon the exercise of the Options, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities pursuant to Section 4 or otherwise.

"PERSON" shall mean any individual, firm, corporation, partnership, trust, joint venture, association, joint stock company, limited liability company, unincorporated organization or any other entity or organization, including a government or agency or subdivision thereof, and shall include any successor (by merger or otherwise) of such entity.

13. Miscellaneous.

13.1 AMENDMENTS. Any amendment or modification of the this Option Agreement shall require the written consent signed by the party against whom enforcement of the modification or amendment is sought.

13.2 HEADINGS. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Option Agreement.

13.3 Entire Agreement. This Option Agreement (together with the other agreements and documents being delivered pursuant to or in connection with this Option Agreement) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

13.4 Binding Effect. This Option Agreement shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their permitted assignees, respective successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Option Agreement or any provisions herein contained.

13.5 Governing Law; Jurisdiction. This Option Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof or the actual domiciles of the parties. The Company and the Holder hereby agree that any action, proceeding or claim against either of them arising out of, or relating in any way to the this Option Agreement shall be brought and enforced in any of the state or federal courts located in the State of New York and irrevocably submits to such jurisdiction.

13.6 WAIVER, ETC. The failure of the Company or the Holder to at any time enforce any of the provisions of the this Option Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Option Agreement or the Langer Options or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of the this Option Agreement or the Langer Options. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Option Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

13.7 Interpretation. Any word or term used in this Option Agreement in any form shall be masculine, feminine, neuter, singular or plural, as proper reading requires. The words "herein", "hereof", "hereby" or "hereto" shall refer to this Option Agreement unless otherwise expressly provided. Any reference herein to a Section shall be a reference to a Section of this Option Agreement unless the context otherwise requires.

Dated: February 13, 2001

THE LANGER BIOMECHANICS GROUP, INC.

By: /s/ Daniel J. Gorney

Name: Daniel J. Gorney
Title: President and CEO

ATTEST:

/s/ Thomas G. Archbold

Name: Thomas G. Archbold
Title: VP - Finance

EXERCISE NOTICE

Dated: _____, ____

TO: THE LANGER BIOMECHANICS GROUP, INC.

The undersigned hereby irrevocably elects to exercise the Langer Options to purchase _____ shares of Common Stock, par value \$.02 per share ("Common Stock"), of The Langer Biomechanics Group, Inc. and hereby makes payment of \$_____ therefor. The undersigned hereby requests that certificates for shares issuable pursuant to this exercise be issued and delivered as follows:

INSTRUCTIONS FOR REGISTRATION OF STOCK

Name: _____

Please type or print in block letters)

Taxpayer
Identification
Number: _____

Address: _____

Signature: _____

(Signature must conform in all respects to the name of
the Holder as set forth on the face of the Options.)

ASSIGNMENT FORM

FOR VALUE RECEIVED,

(Please type or print in block letters)

hereby sells, assigns and transfers unto:

Name:

(Please type or print in block letters)

Taxpayer
Identification
Number:

Address:

the right to purchase _____ shares of common stock, par value \$.02 per share,
of the Langer Biomechanics Group, Inc. (the "Company") pursuant to the Option
Agreement dated January , 2001, between the undersigned and the Company and
does hereby irrevocably constitute and appoint _____
Attorney-in-Fact, to transfer the same on the books of the Company with full
power of substitution in the premises.

Dated:

Signature:

(Signature must conform in all respects to the name
of the Holder as set forth on the face of the
Options.)

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THE OPTIONS GRANTED PURSUANT HERETO AND THE UNDERLYING SHARES OF COMMON STOCK HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT AND SUCH STATE SECURITIES LAWS.

VOID AFTER 5:00 P.M. ON AUGUST 12, 2001

THE LANGER BIOMECHANICS GROUP, INC.

Date of Original Issuance: February 13, 2001

Register No.: 2

THIS IS TO CERTIFY THAT, for value received, Langer Partners, LLC ("LANGER PARTNERS"), its successors or assigns (each, a "HOLDER"), has been granted 824,475 options (each a "Langer Option"), each Langer Option entitling the owner thereof to purchase from the LANGER BIOMECHANICS GROUP, INC., a New York corporation (the "COMPANY"), at any time on or after the date hereof (the "COMMENCEMENT DATE") and on or prior to 5:00 p.m., New York City time, on August 12, 2001 (the "EXPIRATION TIME"), one duly authorized, validly issued, fully paid and nonassessable share of the common stock, par value \$.02 per share (the "Common Stock"), of the Company, as adjusted from time to time in accordance with the terms and provisions of this Option Agreement (each, an "OPTION SHARE"), all subject to the terms and conditions contained herein. Subject to adjustment as provided below, the exercise price per share (the "Exercise Price") shall be as follows:

DATE OF EXERCISE -----	EXERCISE PRICE -----
On or prior to May 14, 2001	\$1.525
After May 14, 2001, and on or prior to June 13, 2001	\$1.550
After June 13, 2001, and on or prior to July 13, 2001	\$1.575
After July, 2001 and on or prior to the Expiration Time	\$1.60

The number of Option Shares and the Exercise Price per share set forth above are subject to adjustment as provided herein. Unless otherwise expressly set forth herein, all capitalized

terms used but not otherwise defined herein shall have respective meanings attributed thereto in Section 13.

The Langer Options shall not be evidenced by any instrument or agreement apart from this Option Agreement (the "OPTION AGREEMENT").

1. Exercise of Langer Options.

1.1 The Langer Options may be exercised, in whole or in part, but not as to less than 10,000 Langer Options or, if less, the number of Langer Options evidenced hereby, on or after the Commencement Date and prior to the Expiration Time by surrendering this Option Agreement, with the exercise form provided for herein duly executed by the Holder or by the Holder's duly authorized attorney-in-fact, at the principal office of the Company, presently located at 450 Commack Road, Deer Park, New York 11729, or at such other office or agency in the United States as the Company may designate by notice to the Holder (in either event, the "COMPANY OFFICES"), accompanied by payment in full, either in the form of cash, wire transfer, bank cashier's check or certified check payable to the order of the Company, of the Exercise Price payable in respect of the Langer Options being exercised. If fewer than all of the Langer Options are exercised, the Company shall, upon each exercise prior to the Expiration Time, execute and deliver to the Holder a new Option Agreement (dated as of the date hereof) and otherwise identical hereto evidencing the balance of the Langer Options that remain exercisable.

1.2 On the date of exercise of the Langer Options, the Holder shall be deemed to have become the holder of record for all purposes of the Option Shares to which the exercise relates.

1.3 As soon as practicable, but not in excess of five (5) days, after the exercise of all or part of the Langer Options, the Company, at its expense (including the payment by it of any applicable issue taxes), will cause to be issued in the name of and delivered to the Holder a certificate or certificates evidencing the number of duly authorized, validly issued, fully paid and nonassessable Option Shares to which the Holder shall be entitled upon such exercise, provided that the Company shall not be required to pay any taxes payable as a result of the issuance of any certificate or certificates in a name other than that of the Holder, in which case the Company shall not be required to issue or deliver such certificate(s) unless or until the person or persons requesting issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

1.4 Each certificate representing Option Shares obtained upon exercise of a Langer Option shall bear a legend as follows unless such Option Shares have been registered under the Act and the issuance complies with any applicable state securities laws:

"The securities represented by this certificate have been acquired for investment and have not been registered under the Securities Act of 1933, as amended (the "ACT"). The

securities may not be sold, assigned, pledged, hypothecated or otherwise transferred except pursuant to an effective registration statement under the Act and in compliance with applicable state securities laws, or the Company receives an opinion of counsel, reasonably satisfactory to the Company, that such registration is not required and that the sale, assignment, pledge, hypothecation or transfer is in compliance with applicable state securities laws."

2. Issuance of Common Stock; Reservation of Shares.

2.1 The Company covenants and agrees that it will at all times reserve and keep available, free and clear from preemptive rights, out of its authorized but unissued Common Stock, solely for the purpose of issuance upon the exercise of Langer Options as provided herein, such number of shares of Option Shares as shall then be issuable upon the exercise of all Langer Options then outstanding.

2.2 The Company covenants and agrees that all Option Shares that may be issued upon the exercise of all or part of the Langer Options will, upon issuance in accordance with the terms hereof, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

2.3 The Company further covenants and agrees that if any shares of Common Stock reserved for the purpose of the issuance of Option Shares upon exercise of the Langer Options require registration with, or approval of, any governmental authority under any federal or state law before such shares may be validly issued or delivered upon exercise, then the Company will promptly use its best efforts to effect such registration or obtain such approval, as the case may be.

3. Adjustments of Exercise Price and Number and Character of Shares Issuable Upon Exercise.

3.1 Upon each adjustment of the Exercise Price as a result of the calculations made in this Section, this Option Agreement shall thereafter evidence the right to receive, at the adjusted Exercise Price, that number of Option Shares (calculated to the nearest one-hundredth) obtained by dividing (i) the product of the aggregate number of Option Shares covered by this Option Agreement immediately prior to such adjustment and the Exercise Price in effect immediately prior to such adjustment of the Exercise Price by (ii) the Exercise Price in effect immediately after such adjustment of the Exercise Price.

3.2 The Exercise Price will be adjusted from time to time as provided herein.

3.2.1 EXTRAORDINARY DIVIDENDS AND DISTRIBUTIONS. In case the Company at any time or from time to time after the date hereof shall declare, order, pay or make a dividend or other distribution (including, without limitation, any distribution of other or

additional stock or other securities or property or options by way of dividend or spin-off, reclassification, recapitalization or similar corporate rearrangement) on the Common Stock other than (a) a dividend payable in additional shares of Common Stock or (b) a regularly scheduled cash dividend payable out of consolidated earnings or earned surplus, determined in accordance with generally accepted accounting principles, then, in each such case, subject to Section 3.3, the Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of any class of securities entitled to receive such dividend or distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction

(1) the numerator of which shall be the Current Market Price in effect on such record date or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading, less the amount of such dividend or distribution (as determined in good faith by the Board of Directors of the Company) applicable to one share of Common Stock, and

(2) the denominator of which shall be such Current Market Price.

3.2.2 TREATMENT OF STOCK DIVIDENDS, STOCK SPLITS, ETC. In case the Company at any time or from time to time after the date hereof shall declare or pay any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then, and in each such case, the Exercise Price in effect immediately prior to the payment of such dividend or the consummation of such subdivision shall concurrently with the effectiveness of such dividend or subdivision be proportionately decreased.

3.2.3 ADJUSTMENTS FOR COMBINATIONS, ETC. In case the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Exercise Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

3.3 DE MINIMIS ADJUSTMENTS. If the amount of any adjustment of the Exercise Price per share required pursuant to this Section 3 would be less than \$.02, such amount shall be carried forward and adjustment with respect thereto made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate a change in the Exercise Price of at least \$.02 per share. All calculations under this Option Agreement shall be made to the nearest .001 of a cent or to the nearest one-hundredth of a share, as the case may be.

3.4 ABANDONED DIVIDEND OR DISTRIBUTION. If the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution (which results in an adjustment to the Exercise Price under the terms of this Option Agreement) and shall, thereafter, and before such dividend or distribution is paid or delivered to shareholders entitled thereto, legally abandon its plan to pay or deliver such

dividend or distribution, then any adjustment made to the Exercise Price and number of shares of Common Stock purchasable upon exercise of the Langer Options by reason of the taking of such record shall be reversed, and any subsequent adjustments, based thereon, shall be recomputed.

3.5 ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF SHARES.

Notwithstanding any adjustment in the Exercise Price or in the number or kind of shares of Common Stock purchasable upon exercise of the Langer Options, any Option Agreement theretofore or thereafter executed and delivered may continue to express the same number and kind of shares of Common Stock as are stated in this Option Agreement, as initially issued.

3.6 FRACTIONAL SHARES. Notwithstanding any adjustment pursuant to Section 3 in the number of shares of Common Stock covered by this Option Agreement or any other provision of this Option Agreement, the Company shall not be required to issue fractions of shares upon exercise of Langer Options or to distribute certificates which evidence fractional shares. In lieu of fractional shares, the Company shall make payment to the Holder, at the time of exercise of Langer Options as herein provided, in an amount in cash equal to such fraction multiplied by the Current Market Price of a share of Common Stock on the date of exercise of Langer Options.

4. Consolidation, Merger, etc.

4.1 ADJUSTMENTS FOR CONSOLIDATION, MERGER, SALE OF ASSETS, REORGANIZATION, ETC. In case the Company after the date hereof (a) shall consolidate with or merge into any other Person and shall not be the continuing or surviving corporation of such consolidation or merger, or (b) shall permit any other Person to consolidate with or merge into the Company and the Company shall be the continuing or surviving Person but, in connection with such consolidation or merger, the Common Stock or Other Securities shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, or (c) shall transfer all or substantially all of its properties or assets to any other Person, or (d) shall effect a capital reorganization or reclassification of the Common Stock or Other Securities (other than a capital reorganization or reclassification resulting in the issue of additional shares of Common Stock for which adjustment in the Exercise Price is provided in Section 3.2.1), then, and in the case of each such transaction, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Option Agreement, the Holder of this Option Agreement, upon the exercise of a Langer Option at any time after the consummation of such transaction, shall be entitled to receive the kind and amount of shares of stock and other securities and property receivable upon such consolidation, merger, transfer or recapitalization, by a holder of the number of securities of the Company for which a Langer Option might have been exercised immediately prior to such consolidation, merger, transfer or recapitalization. This provision shall similarly apply to successive consolidations, mergers or recapitalizations.

4.2 ASSUMPTION OF OBLIGATIONS. Notwithstanding anything contained in this Option Agreement to the contrary, the Company shall not effect any of the transactions described in clauses (a) through (d) of Section 4.1 unless, prior to the consummation thereof,

each Person (other than the Company) which may be required to deliver any stock, securities, cash or property upon the exercise of Langer Options as provided herein shall assume, by written instrument delivered to, and reasonably satisfactory to, the Holder of this Option Agreement, (a) the obligations of the Company under this Option Agreement (and if the Company shall survive the consummation of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of the Company under this Option Agreement) and (b) the obligation to deliver to the Holder such shares of stock, securities, cash or property as, in accordance with the foregoing provisions of this Section 4, the Holder may be entitled to receive.

5. No Dilution or Impairment.

The Company shall not, by amendment of its certificate of incorporation or through any consolidation, merger, reorganization, transfer of assets, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Option Agreement, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against dilution or other impairment. Without limiting the generality of the foregoing, the Company (a) shall not permit the par value of any shares of stock receivable upon the exercise of Option Agreement to exceed the amount payable therefor upon such exercise, (b) shall take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of stock, free from all taxes, liens, security interests, encumbrances, preemptive rights and charges on the exercise of the Langer Options from time to time outstanding and (c) shall not take any action which results in any adjustment of the Exercise Price if the total number of shares of Common Stock (or Other Securities) issuable after the action upon the exercise of all of the Langer Options would exceed the total number of shares of Common Stock (or Other Securities) then authorized by the Company's certificate of incorporation and available for the purpose of issue upon such exercise.

6. Registration Rights.

Reference is hereby made to that certain Registration Rights Agreement pertaining to the Option Shares dated as of the Commencement Date (the "REGISTRATION RIGHTS AGREEMENT") between the Company and Holder. Holder may assign its rights and benefits in, to and under the Registration Rights Agreement to any Holder in accordance with the terms of such agreement.

7. Replacement of Securities.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Option Agreement and of reasonably satisfactory indemnification, the Company shall promptly execute and deliver to the Holder a new Option Agreement of like tenor and date. Any such new Option Agreement executed and delivered

as a result of such loss, theft, mutilation or destruction shall constitute an additional contractual obligation on the part of the Company.

8. Registration.

This Option Agreement, as well as all other Option Agreements issued pursuant hereto shall be numbered and shall be registered in a register (the "OPTION REGISTER") maintained at the Company Offices as they are issued. The Option Register shall list the name, address and Social Security or other Federal Identification Number, if any, of all Holders. The Company shall be entitled to treat the Holder as set forth in the Option Register as the owner in fact of the Langer Options as set forth therein for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such Langer Options on the part of any other person, and shall not be liable for any registration of transfer of Langer Options that are registered or to be registered in the name of a fiduciary or the nominee of a fiduciary unless made with the actual knowledge that a fiduciary or nominee is committing a breach of trust in requesting such registration of transfer, or with such knowledge of such facts that its participation therein amounts to bad faith.

9. Transfer.

9.1 PERMISSIBLE TRANSFEREES. This Option Agreement and the right to purchase Langer Options evidenced hereby may be transferred, sold, assigned or hypothecated in whole or in part, at any time, or from time to time, provided that the Company shall not be required to issue Option Agreements as a result of any transfer granting the Holder the right to purchase less than 10,000 Option Shares. Any such transfer shall be effected by executing the form of assignment at the end hereof, and (ii) surrendering this Option Agreement for cancellation to the Company; whereupon the Company shall issue, in the name or names specified by Holder a new Option Agreement or Option Agreements of like tenor and representing in the aggregate rights to purchase the same number of shares of Common Stock as are purchasable hereunder.

9.2 TRANSFER OF OPTION. The registered Holder of this Option Agreement, by its acceptance hereof, agrees that it will not sell, assign, pledge, hypothecate or otherwise transfer this Option Agreement or the Langer Options evidenced hereby except (i) pursuant to an effective registration under the Act and in compliance with applicable state securities laws, (ii) if the Company receives an opinion of counsel, reasonably satisfactory to the Company, that such registration is not required and that the sale, assignment, pledge, hypothecation or transfer is in compliance with applicable state securities laws; or (iii) to family members of the Holder or trusts established for the benefit of family members of the Holder.

10. Exchange.

This Option Agreement may be exchanged for another Option Agreement or Option Agreements entitling the Holder thereof to purchase a like aggregate number of Option Shares as the Langer Options evidenced hereby, provided the Company shall not be required

to issue as a result of any request for exchange an Option Agreement granting the Holder the right to purchase less than 10,000 Option Shares. A Holder desiring to exchange this Option Agreement shall make such request in writing delivered to the Company, and shall surrender this Option Agreement therewith. Thereupon, the Company shall execute and deliver to the person entitled thereto a new Option Agreement or Option Agreements, as the case may be, as so requested.

11. Notices.

11.1 In the event of:

(1) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a regularly scheduled cash dividend payable out of consolidated earnings or earned surplus, determined in accordance with generally accepted accounting principles, in an amount not exceeding the amount of the immediately preceding cash dividend for such period) or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, or

(2) any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any consolidation or merger involving the Company and any other Person, any transaction or series of transactions in which more than 50% of the voting securities of the Company are transferred to another Person, or any transfer, sale or other disposition of all or substantially all the assets of the Company to any other Person, or

(3) any voluntary or involuntary dissolution, liquidation or winding-up of the Company, then, in either case, the Company shall mail to each Holder a notice specifying (i) the date or expected date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right, and (ii) the date or expected date on which any such reorganization, reclassification, recapitalization, consolidation, merger, transfer, sale, disposition, dissolution, liquidation or winding-up is to take place and the time, if any such time is to be fixed, as of which the holders of record of Common Stock (or Other Securities) shall be entitled to exchange their shares of Common Stock (or Other Securities) for the securities or other property deliverable upon such reorganization, reclassification, recapitalization, consolidation, merger, transfer, dissolution, liquidation or winding-up. Such notice shall be mailed at least 15 days prior to the date therein specified.

11.2 In each case of any adjustment or readjustment in the shares of Common Stock (or Other Securities) issuable upon the exercise of the Langer Options, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms of this Agreement and prepare a certificate, signed by the Chairman of the Board,

President or one of the Vice Presidents of the Company, and by the Chief Financial Officer, the Treasurer or one of the Assistant Treasurers of the Company, setting forth such adjustment or readjustment and showing in reasonable detail the method of calculation thereof and the facts upon which such adjustment or readjustment is based, including a statement of the number of shares of Common Stock outstanding or deemed to be outstanding, and the Exercise Price in effect immediately prior to such issue or sale and as adjusted and readjusted (if required by Section 3) on account thereof. The Company shall forthwith mail a copy of each such certificate to each holder of a Langer Option and shall, upon the written request at any time of any holder of a Langer Option, furnish to such holder a like certificate setting forth the Exercise Price at the time in effect and showing in reasonable detail how it was calculated. The Company shall also keep copies of all such certificates at its principal office and shall cause the same to be available for inspection at such office during normal business hours by any holder of a Langer Option or any prospective purchaser of a Langer Option designated by the holder thereof.

11.3 All notices and other communications hereunder shall be in writing and shall be deemed given when delivered in person, against written receipt therefor, or two days after being sent, by registered or certified mail, postage prepaid, return receipt requested, and, if to the Holder, at such address as is shown on the Option Register or as may otherwise have been furnished to the Company in writing in accordance with this Section by the Holder and, if to the Company, at the Company Offices or such other address as the Company shall give notice thereof to the Holder in accordance with this Section.

12. Definitions.

As used herein, unless the context otherwise requires, the following terms shall have the meanings indicated:

"CURRENT MARKET PRICE" shall mean, on any date specified herein, the average of the daily Market Price during the 10 consecutive trading days commencing 15 trading days before such date, except that, if on any such date the shares of Common Stock are not listed or admitted for trading on any national securities exchange or quoted in the over-the-counter market, the Current Market Price shall be the Market Price on such date.

"MARKET PRICE" shall mean, on any date specified herein, the amount per share of the Common Stock, equal to (a) the last reported sale price of such Common Stock, regular way, on such date or, in case no such sale takes place on such date, the average of the closing bid and asked prices thereof regular way on such date, in either case as officially reported on the principal national securities exchange on which such Common Stock is then listed or admitted for trading, or (b) if such Common Stock is not then listed or admitted for trading on any national securities exchange but is designated as a national market system security by the NASD, the last reported trading price of the Common Stock on such date, or (c) if there shall have been no trading on such date or if the Common Stock is not so designated, the average of the closing bid and asked prices of the Common Stock on such date as shown by the NASD automated quotation system, or (d) if such Common Stock is not then listed

or admitted for trading on any national exchange or quoted in the over-the-counter market, the fair value thereof (as of a date which is within 20 days of the date as of which the determination is to be made) determined in good faith by the Board of Directors of the Company.

"OTHER SECURITIES" shall mean any stock (other than Common Stock) and other securities of the Company or any other Person (corporate or otherwise) which the holders of the Options at any time shall be entitled to receive, or shall have received, upon the exercise of the Options, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities pursuant to Section 4 or otherwise.

"PERSON" shall mean any individual, firm, corporation, partnership, trust, joint venture, association, joint stock company, limited liability company, unincorporated organization or any other entity or organization, including a government or agency or subdivision thereof, and shall include any successor (by merger or otherwise) of such entity.

13. Miscellaneous.

13.1 AMENDMENTS. Any amendment or modification of the this Option Agreement shall require the written consent signed by the party against whom enforcement of the modification or amendment is sought.

13.2 HEADINGS. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Option Agreement.

13.3 Entire Agreement. This Option Agreement (together with the other agreements and documents being delivered pursuant to or in connection with this Option Agreement) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

13.4 Binding Effect. This Option Agreement shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their permitted assignees, respective successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Option Agreement or any provisions herein contained.

13.5 Governing Law; Jurisdiction. This Option Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof or the actual domiciles of the parties. The Company and the Holder hereby agree that any action, proceeding or claim against either of them arising out of, or relating in any way to the this Option Agreement shall be brought and enforced in any of the state or federal courts located in the State of New York and irrevocably submits to such jurisdiction.

13.6 WAIVER, ETC. The failure of the Company or the Holder to at any time enforce any of the provisions of the this Option Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Option Agreement or the Langer Options or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of the this Option Agreement or the Langer Options. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Option Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

13.7 Interpretation. Any word or term used in this Option Agreement in any form shall be masculine, feminine, neuter, singular or plural, as proper reading requires. The words "herein", "hereof", "hereby" or "hereto" shall refer to this Option Agreement unless otherwise expressly provided. Any reference herein to a Section shall be a reference to a Section of this Option Agreement unless the context otherwise requires.

Dated: February 13, 2001

THE LANGER BIOMECHANICS GROUP, INC.

By: /s/ Daniel J. Gorney

Name: Daniel J. Gorney
Title: President and CEO

ATTEST:

/s/ Thomas G. Archbold

Name: Thomas G. Archbold
Title: VP - Finance

EXERCISE NOTICE

Dated: May __, 2001

TO: THE LANGER BIOMECHANICS GROUP, INC.

The undersigned hereby irrevocably elects to exercise the Langer Options to purchase 824,475 shares of Common Stock, par value \$.02 per share ("Common Stock"), of The Langer Biomechanics Group, Inc. and hereby makes payment of \$1,257,324 therefor. The undersigned hereby requests that certificates for shares issuable pursuant to this exercise be issued and delivered as follows:

INSTRUCTIONS FOR REGISTRATION OF STOCK

Name: Langer Partners, LLC
Taxpayer Identification Number: 06-160-4198
Address: Two Soundview Dr.
Greenwich, CT 06830

Signature: _____

(Signature must conform in all respects to the name of
the Holder as set forth on the face of the Options.)

ASSIGNMENT FORM

FOR VALUE RECEIVED,

(Please type or print in block letters)
hereby sells, assigns and transfers unto:

Name:

(Please type or print in block letters)

Taxpayer
Identification
Number:

Address:

the right to purchase _____ shares of common stock, par value \$.02 per share, of the Langer Biomechanics Group, Inc. (the "Company") pursuant to the Option Agreement dated January , 2001, between the undersigned and the Company and does hereby irrevocably constitute and appoint _____ Attorney-in-Fact, to transfer the same on the books of the Company with full power of substitution in the premises.

Dated: _____

Signature: _____

(Signature must conform in all respects to the name of the Holder as set forth on the face of the Options.)

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THE OPTIONS GRANTED PURSUANT HERETO AND THE UNDERLYING SHARES OF COMMON STOCK HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT AND SUCH STATE SECURITIES LAWS.

VOID AFTER 5:00 P.M. ON AUGUST 12, 2001

THE LANGER BIOMECHANICS GROUP, INC.

Date of Original Issuance: February 13, 2001

Register No.: 3

THIS IS TO CERTIFY THAT, for value received, Jonathan Foster ("FOSTER"), his successors or assigns (each, a "HOLDER"), has been granted 49,180 options (each a "Langer Option"), each Langer Option entitling the owner thereof to purchase from the LANGER BIOMECHANICS GROUP, INC., a New York corporation (the "COMPANY"), at any time on or after the date hereof (the "COMMENCEMENT DATE") and on or prior to 5:00 p.m., New York City time, on August 12, 2001 (the "EXPIRATION TIME"), one duly authorized, validly issued, fully paid and nonassessable share of the common stock, par value \$.02 per share (the "Common Stock"), of the Company, as adjusted from time to time in accordance with the terms and provisions of this Option Agreement (each, an "OPTION SHARE"), all subject to the terms and conditions contained herein. Subject to adjustment as provided below, the exercise price per share (the "Exercise Price") shall be as follows:

DATE OF EXERCISE -----	EXERCISE PRICE -----
On or prior to May 14, 2001	\$1.525
After May 14, 2001, and on or prior to June 13, 2001	\$1.550
After June 13, 2001, and on or prior to July 13, 2001	\$1.575
After July, 2001 and on or prior to the Expiration Time	\$1.60

The number of Option Shares and the Exercise Price per share set forth above are subject to adjustment as provided herein. Unless otherwise expressly set forth herein, all capitalized

terms used but not otherwise defined herein shall have respective meanings attributed thereto in Section 13.

The Langer Options shall not be evidenced by any instrument or agreement apart from this Option Agreement (the "OPTION AGREEMENT").

1. Exercise of Langer Options.

1.1 The Langer Options may be exercised, in whole or in part, but not as to less than 10,000 Langer Options or, if less, the number of Langer Options evidenced hereby, on or after the Commencement Date and prior to the Expiration Time by surrendering this Option Agreement, with the exercise form provided for herein duly executed by the Holder or by the Holder's duly authorized attorney-in-fact, at the principal office of the Company, presently located at 450 Commack Road, Deer Park, New York 11729, or at such other office or agency in the United States as the Company may designate by notice to the Holder (in either event, the "COMPANY OFFICES"), accompanied by payment in full, either in the form of cash, wire transfer, bank cashier's check or certified check payable to the order of the Company, of the Exercise Price payable in respect of the Langer Options being exercised. If fewer than all of the Langer Options are exercised, the Company shall, upon each exercise prior to the Expiration Time, execute and deliver to the Holder a new Option Agreement (dated as of the date hereof) and otherwise identical hereto evidencing the balance of the Langer Options that remain exercisable.

1.2 On the date of exercise of the Langer Options, the Holder shall be deemed to have become the holder of record for all purposes of the Option Shares to which the exercise relates.

1.3 As soon as practicable, but not in excess of five (5) days, after the exercise of all or part of the Langer Options, the Company, at its expense (including the payment by it of any applicable issue taxes), will cause to be issued in the name of and delivered to the Holder a certificate or certificates evidencing the number of duly authorized, validly issued, fully paid and nonassessable Option Shares to which the Holder shall be entitled upon such exercise, provided that the Company shall not be required to pay any taxes payable as a result of the issuance of any certificate or certificates in a name other than that of the Holder, in which case the Company shall not be required to issue or deliver such certificate(s) unless or until the person or persons requesting issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

1.4 Each certificate representing Option Shares obtained upon exercise of a Langer Option shall bear a legend as follows unless such Option Shares have been registered under the Act and the issuance complies with any applicable state securities laws:

"The securities represented by this certificate have been acquired for investment and have not been registered under the Securities Act of 1933, as amended (the "ACT"). The

securities may not be sold, assigned, pledged, hypothecated or otherwise transferred except pursuant to an effective registration statement under the Act and in compliance with applicable state securities laws, or the Company receives an opinion of counsel, reasonably satisfactory to the Company, that such registration is not required and that the sale, assignment, pledge, hypothecation or transfer is in compliance with applicable state securities laws."

2. Issuance of Common Stock; Reservation of Shares.

2.1 The Company covenants and agrees that it will at all times reserve and keep available, free and clear from preemptive rights, out of its authorized but unissued Common Stock, solely for the purpose of issuance upon the exercise of Langer Options as provided herein, such number of shares of Option Shares as shall then be issuable upon the exercise of all Langer Options then outstanding.

2.2 The Company covenants and agrees that all Option Shares that may be issued upon the exercise of all or part of the Langer Options will, upon issuance in accordance with the terms hereof, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

2.3 The Company further covenants and agrees that if any shares of Common Stock reserved for the purpose of the issuance of Option Shares upon exercise of the Langer Options require registration with, or approval of, any governmental authority under any federal or state law before such shares may be validly issued or delivered upon exercise, then the Company will promptly use its best efforts to effect such registration or obtain such approval, as the case may be.

3. Adjustments of Exercise Price and Number and Character of Shares Issuable Upon Exercise.

3.1 Upon each adjustment of the Exercise Price as a result of the calculations made in this Section, this Option Agreement shall thereafter evidence the right to receive, at the adjusted Exercise Price, that number of Option Shares (calculated to the nearest one-hundredth) obtained by dividing (i) the product of the aggregate number of Option Shares covered by this Option Agreement immediately prior to such adjustment and the Exercise Price in effect immediately prior to such adjustment of the Exercise Price by (ii) the Exercise Price in effect immediately after such adjustment of the Exercise Price.

3.2 The Exercise Price will be adjusted from time to time as provided herein.

3.2.1 EXTRAORDINARY DIVIDENDS AND DISTRIBUTIONS. In case the Company at any time or from time to time after the date hereof shall declare, order, pay or make a dividend or other distribution (including, without limitation, any distribution of other or

additional stock or other securities or property or options by way of dividend or spin-off, reclassification, recapitalization or similar corporate rearrangement) on the Common Stock other than (a) a dividend payable in additional shares of Common Stock or (b) a regularly scheduled cash dividend payable out of consolidated earnings or earned surplus, determined in accordance with generally accepted accounting principles, then, in each such case, subject to Section 3.3, the Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of any class of securities entitled to receive such dividend or distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction

(1) the numerator of which shall be the Current Market Price in effect on such record date or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading, less the amount of such dividend or distribution (as determined in good faith by the Board of Directors of the Company) applicable to one share of Common Stock, and

(2) the denominator of which shall be such Current Market Price.

3.2.2 TREATMENT OF STOCK DIVIDENDS, STOCK SPLITS, ETC. In case the Company at any time or from time to time after the date hereof shall declare or pay any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then, and in each such case, the Exercise Price in effect immediately prior to the payment of such dividend or the consummation of such subdivision shall concurrently with the effectiveness of such dividend or subdivision be proportionately decreased.

3.2.3 ADJUSTMENTS FOR COMBINATIONS, ETC. In case the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Exercise Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

3.3 DE MINIMIS ADJUSTMENTS. If the amount of any adjustment of the Exercise Price per share required pursuant to this Section 3 would be less than \$.02, such amount shall be carried forward and adjustment with respect thereto made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate a change in the Exercise Price of at least \$.02 per share. All calculations under this Option Agreement shall be made to the nearest .001 of a cent or to the nearest one-hundredth of a share, as the case may be.

3.4 ABANDONED DIVIDEND OR DISTRIBUTION. If the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution (which results in an adjustment to the Exercise Price under the terms of this Option Agreement) and shall, thereafter, and before such dividend or distribution is paid or delivered to shareholders entitled thereto, legally abandon its plan to pay or deliver such

dividend or distribution, then any adjustment made to the Exercise Price and number of shares of Common Stock purchasable upon exercise of the Langer Options by reason of the taking of such record shall be reversed, and any subsequent adjustments, based thereon, shall be recomputed.

3.5 ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF SHARES.

Notwithstanding any adjustment in the Exercise Price or in the number or kind of shares of Common Stock purchasable upon exercise of the Langer Options, any Option Agreement theretofore or thereafter executed and delivered may continue to express the same number and kind of shares of Common Stock as are stated in this Option Agreement, as initially issued.

3.6 FRACTIONAL SHARES. Notwithstanding any adjustment pursuant to Section 3 in the number of shares of Common Stock covered by this Option Agreement or any other provision of this Option Agreement, the Company shall not be required to issue fractions of shares upon exercise of Langer Options or to distribute certificates which evidence fractional shares. In lieu of fractional shares, the Company shall make payment to the Holder, at the time of exercise of Langer Options as herein provided, in an amount in cash equal to such fraction multiplied by the Current Market Price of a share of Common Stock on the date of exercise of Langer Options.

4. Consolidation, Merger, etc.

4.1 ADJUSTMENTS FOR CONSOLIDATION, MERGER, SALE OF ASSETS, REORGANIZATION, ETC. In case the Company after the date hereof (a) shall consolidate with or merge into any other Person and shall not be the continuing or surviving corporation of such consolidation or merger, or (b) shall permit any other Person to consolidate with or merge into the Company and the Company shall be the continuing or surviving Person but, in connection with such consolidation or merger, the Common Stock or Other Securities shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, or (c) shall transfer all or substantially all of its properties or assets to any other Person, or (d) shall effect a capital reorganization or reclassification of the Common Stock or Other Securities (other than a capital reorganization or reclassification resulting in the issue of additional shares of Common Stock for which adjustment in the Exercise Price is provided in Section 3.2.1), then, and in the case of each such transaction, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Option Agreement, the Holder of this Option Agreement, upon the exercise of a Langer Option at any time after the consummation of such transaction, shall be entitled to receive the kind and amount of shares of stock and other securities and property receivable upon such consolidation, merger, transfer or recapitalization, by a holder of the number of securities of the Company for which a Langer Option might have been exercised immediately prior to such consolidation, merger, transfer or recapitalization. This provision shall similarly apply to successive consolidations, mergers or recapitalizations.

4.2 ASSUMPTION OF OBLIGATIONS. Notwithstanding anything contained in this Option Agreement to the contrary, the Company shall not effect any of the transactions described in clauses (a) through (d) of Section 4.1 unless, prior to the consummation thereof,

each Person (other than the Company) which may be required to deliver any stock, securities, cash or property upon the exercise of Langer Options as provided herein shall assume, by written instrument delivered to, and reasonably satisfactory to, the Holder of this Option Agreement, (a) the obligations of the Company under this Option Agreement (and if the Company shall survive the consummation of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of the Company under this Option Agreement) and (b) the obligation to deliver to the Holder such shares of stock, securities, cash or property as, in accordance with the foregoing provisions of this Section 4, the Holder may be entitled to receive.

5. No Dilution or Impairment.

The Company shall not, by amendment of its certificate of incorporation or through any consolidation, merger, reorganization, transfer of assets, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Option Agreement, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against dilution or other impairment. Without limiting the generality of the foregoing, the Company (a) shall not permit the par value of any shares of stock receivable upon the exercise of Option Agreement to exceed the amount payable therefor upon such exercise, (b) shall take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of stock, free from all taxes, liens, security interests, encumbrances, preemptive rights and charges on the exercise of the Langer Options from time to time outstanding and (c) shall not take any action which results in any adjustment of the Exercise Price if the total number of shares of Common Stock (or Other Securities) issuable after the action upon the exercise of all of the Langer Options would exceed the total number of shares of Common Stock (or Other Securities) then authorized by the Company's certificate of incorporation and available for the purpose of issue upon such exercise.

6. Registration Rights.

Reference is hereby made to that certain Registration Rights Agreement pertaining to the Option Shares dated as of the Commencement Date (the "REGISTRATION RIGHTS AGREEMENT") between the Company and Holder. Holder may assign its rights and benefits in, to and under the Registration Rights Agreement to any Holder in accordance with the terms of such agreement.

7. Replacement of Securities.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Option Agreement and of reasonably satisfactory indemnification, the Company shall promptly execute and deliver to the Holder a new Option Agreement of like tenor and date. Any such new Option Agreement executed and delivered

as a result of such loss, theft, mutilation or destruction shall constitute an additional contractual obligation on the part of the Company.

8. Registration.

This Option Agreement, as well as all other Option Agreements issued pursuant hereto shall be numbered and shall be registered in a register (the "OPTION REGISTER") maintained at the Company Offices as they are issued. The Option Register shall list the name, address and Social Security or other Federal Identification Number, if any, of all Holders. The Company shall be entitled to treat the Holder as set forth in the Option Register as the owner in fact of the Langer Options as set forth therein for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such Langer Options on the part of any other person, and shall not be liable for any registration of transfer of Langer Options that are registered or to be registered in the name of a fiduciary or the nominee of a fiduciary unless made with the actual knowledge that a fiduciary or nominee is committing a breach of trust in requesting such registration of transfer, or with such knowledge of such facts that its participation therein amounts to bad faith.

9. Transfer.

9.1 PERMISSIBLE TRANSFEREES. This Option Agreement and the right to purchase Langer Options evidenced hereby may be transferred, sold, assigned or hypothecated in whole or in part, at any time, or from time to time, provided that the Company shall not be required to issue Option Agreements as a result of any transfer granting the Holder the right to purchase less than 10,000 Option Shares. Any such transfer shall be effected by executing the form of assignment at the end hereof, and (ii) surrendering this Option Agreement for cancellation to the Company; whereupon the Company shall issue, in the name or names specified by Holder a new Option Agreement or Option Agreements of like tenor and representing in the aggregate rights to purchase the same number of shares of Common Stock as are purchasable hereunder.

9.2 TRANSFER OF OPTION. The registered Holder of this Option Agreement, by its acceptance hereof, agrees that it will not sell, assign, pledge, hypothecate or otherwise transfer this Option Agreement or the Langer Options evidenced hereby except (i) pursuant to an effective registration under the Act and in compliance with applicable state securities laws, (ii) if the Company receives an opinion of counsel, reasonably satisfactory to the Company, that such registration is not required and that the sale, assignment, pledge, hypothecation or transfer is in compliance with applicable state securities laws; or (iii) to family members of the Holder or trusts established for the benefit of family members of the Holder.

10. Exchange.

This Option Agreement may be exchanged for another Option Agreement or Option Agreements entitling the Holder thereof to purchase a like aggregate number of Option Shares as the Langer Options evidenced hereby, provided the Company shall not be required

to issue as a result of any request for exchange an Option Agreement granting the Holder the right to purchase less than 10,000 Option Shares. A Holder desiring to exchange this Option Agreement shall make such request in writing delivered to the Company, and shall surrender this Option Agreement therewith. Thereupon, the Company shall execute and deliver to the person entitled thereto a new Option Agreement or Option Agreements, as the case may be, as so requested.

11. Notices.

11.1 In the event of:

(1) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a regularly scheduled cash dividend payable out of consolidated earnings or earned surplus, determined in accordance with generally accepted accounting principles, in an amount not exceeding the amount of the immediately preceding cash dividend for such period) or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, or

(2) any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any consolidation or merger involving the Company and any other Person, any transaction or series of transactions in which more than 50% of the voting securities of the Company are transferred to another Person, or any transfer, sale or other disposition of all or substantially all the assets of the Company to any other Person, or

(3) any voluntary or involuntary dissolution, liquidation or winding-up of the Company, then, in either case, the Company shall mail to each Holder a notice specifying (i) the date or expected date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right, and (ii) the date or expected date on which any such reorganization, reclassification, recapitalization, consolidation, merger, transfer, sale, disposition, dissolution, liquidation or winding-up is to take place and the time, if any such time is to be fixed, as of which the holders of record of Common Stock (or Other Securities) shall be entitled to exchange their shares of Common Stock (or Other Securities) for the securities or other property deliverable upon such reorganization, reclassification, recapitalization, consolidation, merger, transfer, dissolution, liquidation or winding-up. Such notice shall be mailed at least 15 days prior to the date therein specified.

11.2 In each case of any adjustment or readjustment in the shares of Common Stock (or Other Securities) issuable upon the exercise of the Langer Options, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms of this Agreement and prepare a certificate, signed by the Chairman of the Board,

President or one of the Vice Presidents of the Company, and by the Chief Financial Officer, the Treasurer or one of the Assistant Treasurers of the Company, setting forth such adjustment or readjustment and showing in reasonable detail the method of calculation thereof and the facts upon which such adjustment or readjustment is based, including a statement of the number of shares of Common Stock outstanding or deemed to be outstanding, and the Exercise Price in effect immediately prior to such issue or sale and as adjusted and readjusted (if required by Section 3) on account thereof. The Company shall forthwith mail a copy of each such certificate to each holder of a Langer Option and shall, upon the written request at any time of any holder of a Langer Option, furnish to such holder a like certificate setting forth the Exercise Price at the time in effect and showing in reasonable detail how it was calculated. The Company shall also keep copies of all such certificates at its principal office and shall cause the same to be available for inspection at such office during normal business hours by any holder of a Langer Option or any prospective purchaser of a Langer Option designated by the holder thereof.

11.3 All notices and other communications hereunder shall be in writing and shall be deemed given when delivered in person, against written receipt therefor, or two days after being sent, by registered or certified mail, postage prepaid, return receipt requested, and, if to the Holder, at such address as is shown on the Option Register or as may otherwise have been furnished to the Company in writing in accordance with this Section by the Holder and, if to the Company, at the Company Offices or such other address as the Company shall give notice thereof to the Holder in accordance with this Section.

12. Definitions.

As used herein, unless the context otherwise requires, the following terms shall have the meanings indicated:

"CURRENT MARKET PRICE" shall mean, on any date specified herein, the average of the daily Market Price during the 10 consecutive trading days commencing 15 trading days before such date, except that, if on any such date the shares of Common Stock are not listed or admitted for trading on any national securities exchange or quoted in the over-the-counter market, the Current Market Price shall be the Market Price on such date.

"MARKET PRICE" shall mean, on any date specified herein, the amount per share of the Common Stock, equal to (a) the last reported sale price of such Common Stock, regular way, on such date or, in case no such sale takes place on such date, the average of the closing bid and asked prices thereof regular way on such date, in either case as officially reported on the principal national securities exchange on which such Common Stock is then listed or admitted for trading, or (b) if such Common Stock is not then listed or admitted for trading on any national securities exchange but is designated as a national market system security by the NASD, the last reported trading price of the Common Stock on such date, or (c) if there shall have been no trading on such date or if the Common Stock is not so designated, the average of the closing bid and asked prices of the Common Stock on such date as shown by the NASD automated quotation system, or (d) if such Common Stock is not then listed

or admitted for trading on any national exchange or quoted in the over-the-counter market, the fair value thereof (as of a date which is within 20 days of the date as of which the determination is to be made) determined in good faith by the Board of Directors of the Company.

"OTHER SECURITIES" shall mean any stock (other than Common Stock) and other securities of the Company or any other Person (corporate or otherwise) which the holders of the Options at any time shall be entitled to receive, or shall have received, upon the exercise of the Options, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities pursuant to Section 4 or otherwise.

"PERSON" shall mean any individual, firm, corporation, partnership, trust, joint venture, association, joint stock company, limited liability company, unincorporated organization or any other entity or organization, including a government or agency or subdivision thereof, and shall include any successor (by merger or otherwise) of such entity.

13. Miscellaneous.

13.1 AMENDMENTS. Any amendment or modification of the this Option Agreement shall require the written consent signed by the party against whom enforcement of the modification or amendment is sought.

13.2 HEADINGS. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Option Agreement.

13.3 Entire Agreement. This Option Agreement (together with the other agreements and documents being delivered pursuant to or in connection with this Option Agreement) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

13.4 Binding Effect. This Option Agreement shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their permitted assignees, respective successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Option Agreement or any provisions herein contained.

13.5 Governing Law; Jurisdiction. This Option Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof or the actual domiciles of the parties. The Company and the Holder hereby agree that any action, proceeding or claim against either of them arising out of, or relating in any way to the this Option Agreement shall be brought and enforced in any of the state or federal courts located in the State of New York and irrevocably submits to such jurisdiction.

13.6 WAIVER, ETC. The failure of the Company or the Holder to at any time enforce any of the provisions of the this Option Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Option Agreement or the Langer Options or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of the this Option Agreement or the Langer Options. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Option Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

13.7 Interpretation. Any word or term used in this Option Agreement in any form shall be masculine, feminine, neuter, singular or plural, as proper reading requires. The words "herein", "hereof", "hereby" or "hereto" shall refer to this Option Agreement unless otherwise expressly provided. Any reference herein to a Section shall be a reference to a Section of this Option Agreement unless the context otherwise requires.

Dated: February 13, 2001

THE LANGER BIOMECHANICS GROUP, INC.

By: /s/ Daniel J. Gorney

Name: Daniel J. Gorney
Title: President and CEO

ATTEST:

/s/ Thomas G. Archbold

Name: Thomas G. Archbold
Title: VP - Finance

EXERCISE NOTICE

Dated: _____, ____

TO: THE LANGER BIOMECHANICS GROUP, INC.

The undersigned hereby irrevocably elects to exercise the Langer Options to purchase _____ shares of Common Stock, par value \$.02 per share ("Common Stock"), of The Langer Biomechanics Group, Inc. and hereby makes payment of \$_____ therefor. The undersigned hereby requests that certificates for shares issuable pursuant to this exercise be issued and delivered as follows:

INSTRUCTIONS FOR REGISTRATION OF STOCK

Name: _____

Please type or print in block letters)

Taxpayer
Identification
Number: _____

Address: _____

Signature: _____

(Signature must conform in all respects to the name of
the Holder as set forth on the face of the Options.)

ASSIGNMENT FORM

FOR VALUE RECEIVED,

(Please type or print in block letters)

hereby sells, assigns and transfers unto:

Name:

(Please type or print in block letters)

Taxpayer
Identification
Number:

Address:

the right to purchase _____ shares of common stock, par value \$.02 per share, of the Langer Biomechanics Group, Inc. (the "Company") pursuant to the Option Agreement dated January , 2001, between the undersigned and the Company and does hereby irrevocably constitute and appoint _____ Attorney-in-Fact, to transfer the same on the books of the Company with full power of substitution in the premises.

Dated: _____

Signature: _____

(Signature must conform in all respects to the name of the Holder as set forth on the face of the Options.)

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THE OPTIONS GRANTED PURSUANT HERETO AND THE UNDERLYING SHARES OF COMMON STOCK HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT AND SUCH STATE SECURITIES LAWS.

VOID AFTER 5:00 P.M. ON AUGUST 12, 2001

THE LANGER BIOMECHANICS GROUP, INC.

Date of Original Issuance: February 13, 2001

Register No.: 4

THIS IS TO CERTIFY THAT, for value received, Greg Nelson ("NELSON"), his successors or assigns (each, a "HOLDER"), has been granted 59,961 options (each a "Langer Option"), each Langer Option entitling the owner thereof to purchase from the LANGER BIOMECHANICS GROUP, INC., a New York corporation (the "COMPANY"), at any time on or after the date hereof (the "COMMENCEMENT DATE") and on or prior to 5:00 p.m., New York City time, on August 12, 2001 (the "EXPIRATION TIME"), one duly authorized, validly issued, fully paid and nonassessable share of the common stock, par value \$.02 per share (the "Common Stock"), of the Company, as adjusted from time to time in accordance with the terms and provisions of this Option Agreement (each, an "OPTION SHARE"), all subject to the terms and conditions contained herein. Subject to adjustment as provided below, the exercise price per share (the "Exercise Price") shall be as follows:

DATE OF EXERCISE -----	EXERCISE PRICE -----
On or prior to May 14, 2001	\$1.525
After May 14, 2001, and on or prior to June 13, 2001	\$1.550
After June 13, 2001, and on or prior to July 13, 2001	\$1.575
After July, 2001 and on or prior to the Expiration Time	\$1.60

The number of Option Shares and the Exercise Price per share set forth above are subject to adjustment as provided herein. Unless otherwise expressly set forth herein, all capitalized

terms used but not otherwise defined herein shall have respective meanings attributed thereto in Section 13.

The Langer Options shall not be evidenced by any instrument or agreement apart from this Option Agreement (the "OPTION AGREEMENT").

1. Exercise of Langer Options.

1.1 The Langer Options may be exercised, in whole or in part, but not as to less than 10,000 Langer Options or, if less, the number of Langer Options evidenced hereby, on or after the Commencement Date and prior to the Expiration Time by surrendering this Option Agreement, with the exercise form provided for herein duly executed by the Holder or by the Holder's duly authorized attorney-in-fact, at the principal office of the Company, presently located at 450 Commack Road, Deer Park, New York 11729, or at such other office or agency in the United States as the Company may designate by notice to the Holder (in either event, the "COMPANY OFFICES"), accompanied by payment in full, either in the form of cash, wire transfer, bank cashier's check or certified check payable to the order of the Company, of the Exercise Price payable in respect of the Langer Options being exercised. If fewer than all of the Langer Options are exercised, the Company shall, upon each exercise prior to the Expiration Time, execute and deliver to the Holder a new Option Agreement (dated as of the date hereof) and otherwise identical hereto evidencing the balance of the Langer Options that remain exercisable.

1.2 On the date of exercise of the Langer Options, the Holder shall be deemed to have become the holder of record for all purposes of the Option Shares to which the exercise relates.

1.3 As soon as practicable, but not in excess of five (5) days, after the exercise of all or part of the Langer Options, the Company, at its expense (including the payment by it of any applicable issue taxes), will cause to be issued in the name of and delivered to the Holder a certificate or certificates evidencing the number of duly authorized, validly issued, fully paid and nonassessable Option Shares to which the Holder shall be entitled upon such exercise, provided that the Company shall not be required to pay any taxes payable as a result of the issuance of any certificate or certificates in a name other than that of the Holder, in which case the Company shall not be required to issue or deliver such certificate(s) unless or until the person or persons requesting issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

1.4 Each certificate representing Option Shares obtained upon exercise of a Langer Option shall bear a legend as follows unless such Option Shares have been registered under the Act and the issuance complies with any applicable state securities laws:

"The securities represented by this certificate have been acquired for investment and have not been registered under the Securities Act of 1933, as amended (the "ACT"). The

securities may not be sold, assigned, pledged, hypothecated or otherwise transferred except pursuant to an effective registration statement under the Act and in compliance with applicable state securities laws, or the Company receives an opinion of counsel, reasonably satisfactory to the Company, that such registration is not required and that the sale, assignment, pledge, hypothecation or transfer is in compliance with applicable state securities laws."

2. Issuance of Common Stock; Reservation of Shares.

2.1 The Company covenants and agrees that it will at all times reserve and keep available, free and clear from preemptive rights, out of its authorized but unissued Common Stock, solely for the purpose of issuance upon the exercise of Langer Options as provided herein, such number of shares of Option Shares as shall then be issuable upon the exercise of all Langer Options then outstanding.

2.2 The Company covenants and agrees that all Option Shares that may be issued upon the exercise of all or part of the Langer Options will, upon issuance in accordance with the terms hereof, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

2.3 The Company further covenants and agrees that if any shares of Common Stock reserved for the purpose of the issuance of Option Shares upon exercise of the Langer Options require registration with, or approval of, any governmental authority under any federal or state law before such shares may be validly issued or delivered upon exercise, then the Company will promptly use its best efforts to effect such registration or obtain such approval, as the case may be.

3. Adjustments of Exercise Price and Number and Character of Shares Issuable Upon Exercise.

3.1 Upon each adjustment of the Exercise Price as a result of the calculations made in this Section, this Option Agreement shall thereafter evidence the right to receive, at the adjusted Exercise Price, that number of Option Shares (calculated to the nearest one-hundredth) obtained by dividing (i) the product of the aggregate number of Option Shares covered by this Option Agreement immediately prior to such adjustment and the Exercise Price in effect immediately prior to such adjustment of the Exercise Price by (ii) the Exercise Price in effect immediately after such adjustment of the Exercise Price.

3.2 The Exercise Price will be adjusted from time to time as provided herein.

3.2.1 EXTRAORDINARY DIVIDENDS AND DISTRIBUTIONS. In case the Company at any time or from time to time after the date hereof shall declare, order, pay or make a dividend or other distribution (including, without limitation, any distribution of other or

additional stock or other securities or property or options by way of dividend or spin-off, reclassification, recapitalization or similar corporate rearrangement) on the Common Stock other than (a) a dividend payable in additional shares of Common Stock or (b) a regularly scheduled cash dividend payable out of consolidated earnings or earned surplus, determined in accordance with generally accepted accounting principles, then, in each such case, subject to Section 3.3, the Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of any class of securities entitled to receive such dividend or distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction

(1) the numerator of which shall be the Current Market Price in effect on such record date or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading, less the amount of such dividend or distribution (as determined in good faith by the Board of Directors of the Company) applicable to one share of Common Stock, and

(2) the denominator of which shall be such Current Market Price.

3.2.2 TREATMENT OF STOCK DIVIDENDS, STOCK SPLITS, ETC. In case the Company at any time or from time to time after the date hereof shall declare or pay any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then, and in each such case, the Exercise Price in effect immediately prior to the payment of such dividend or the consummation of such subdivision shall concurrently with the effectiveness of such dividend or subdivision be proportionately decreased.

3.2.3 ADJUSTMENTS FOR COMBINATIONS, ETC. In case the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Exercise Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

3.3 DE MINIMIS ADJUSTMENTS. If the amount of any adjustment of the Exercise Price per share required pursuant to this Section 3 would be less than \$.02, such amount shall be carried forward and adjustment with respect thereto made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate a change in the Exercise Price of at least \$.02 per share. All calculations under this Option Agreement shall be made to the nearest .001 of a cent or to the nearest one-hundredth of a share, as the case may be.

3.4 ABANDONED DIVIDEND OR DISTRIBUTION. If the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution (which results in an adjustment to the Exercise Price under the terms of this Option Agreement) and shall, thereafter, and before such dividend or distribution is paid or delivered to shareholders entitled thereto, legally abandon its plan to pay or deliver such

dividend or distribution, then any adjustment made to the Exercise Price and number of shares of Common Stock purchasable upon exercise of the Langer Options by reason of the taking of such record shall be reversed, and any subsequent adjustments, based thereon, shall be recomputed.

3.5 ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF SHARES.

Notwithstanding any adjustment in the Exercise Price or in the number or kind of shares of Common Stock purchasable upon exercise of the Langer Options, any Option Agreement theretofore or thereafter executed and delivered may continue to express the same number and kind of shares of Common Stock as are stated in this Option Agreement, as initially issued.

3.6 FRACTIONAL SHARES. Notwithstanding any adjustment pursuant to Section 3 in the number of shares of Common Stock covered by this Option Agreement or any other provision of this Option Agreement, the Company shall not be required to issue fractions of shares upon exercise of Langer Options or to distribute certificates which evidence fractional shares. In lieu of fractional shares, the Company shall make payment to the Holder, at the time of exercise of Langer Options as herein provided, in an amount in cash equal to such fraction multiplied by the Current Market Price of a share of Common Stock on the date of exercise of Langer Options.

4. Consolidation, Merger, etc.

4.1 ADJUSTMENTS FOR CONSOLIDATION, MERGER, SALE OF ASSETS, REORGANIZATION, ETC. In case the Company after the date hereof (a) shall consolidate with or merge into any other Person and shall not be the continuing or surviving corporation of such consolidation or merger, or (b) shall permit any other Person to consolidate with or merge into the Company and the Company shall be the continuing or surviving Person but, in connection with such consolidation or merger, the Common Stock or Other Securities shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, or (c) shall transfer all or substantially all of its properties or assets to any other Person, or (d) shall effect a capital reorganization or reclassification of the Common Stock or Other Securities (other than a capital reorganization or reclassification resulting in the issue of additional shares of Common Stock for which adjustment in the Exercise Price is provided in Section 3.2.1), then, and in the case of each such transaction, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Option Agreement, the Holder of this Option Agreement, upon the exercise of a Langer Option at any time after the consummation of such transaction, shall be entitled to receive the kind and amount of shares of stock and other securities and property receivable upon such consolidation, merger, transfer or recapitalization, by a holder of the number of securities of the Company for which a Langer Option might have been exercised immediately prior to such consolidation, merger, transfer or recapitalization. This provision shall similarly apply to successive consolidations, mergers or recapitalizations.

4.2 ASSUMPTION OF OBLIGATIONS. Notwithstanding anything contained in this Option Agreement to the contrary, the Company shall not effect any of the transactions described in clauses (a) through (d) of Section 4.1 unless, prior to the consummation thereof,

each Person (other than the Company) which may be required to deliver any stock, securities, cash or property upon the exercise of Langer Options as provided herein shall assume, by written instrument delivered to, and reasonably satisfactory to, the Holder of this Option Agreement, (a) the obligations of the Company under this Option Agreement (and if the Company shall survive the consummation of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of the Company under this Option Agreement) and (b) the obligation to deliver to the Holder such shares of stock, securities, cash or property as, in accordance with the foregoing provisions of this Section 4, the Holder may be entitled to receive.

5. No Dilution or Impairment.

The Company shall not, by amendment of its certificate of incorporation or through any consolidation, merger, reorganization, transfer of assets, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Option Agreement, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against dilution or other impairment. Without limiting the generality of the foregoing, the Company (a) shall not permit the par value of any shares of stock receivable upon the exercise of Option Agreement to exceed the amount payable therefor upon such exercise, (b) shall take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of stock, free from all taxes, liens, security interests, encumbrances, preemptive rights and charges on the exercise of the Langer Options from time to time outstanding and (c) shall not take any action which results in any adjustment of the Exercise Price if the total number of shares of Common Stock (or Other Securities) issuable after the action upon the exercise of all of the Langer Options would exceed the total number of shares of Common Stock (or Other Securities) then authorized by the Company's certificate of incorporation and available for the purpose of issue upon such exercise.

6. Registration Rights.

Reference is hereby made to that certain Registration Rights Agreement pertaining to the Option Shares dated as of the Commencement Date (the "REGISTRATION RIGHTS AGREEMENT") between the Company and Holder. Holder may assign its rights and benefits in, to and under the Registration Rights Agreement to any Holder in accordance with the terms of such agreement.

7. Replacement of Securities.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Option Agreement and of reasonably satisfactory indemnification, the Company shall promptly execute and deliver to the Holder a new Option Agreement of like tenor and date. Any such new Option Agreement executed and delivered

as a result of such loss, theft, mutilation or destruction shall constitute an additional contractual obligation on the part of the Company.

8. Registration.

This Option Agreement, as well as all other Option Agreements issued pursuant hereto shall be numbered and shall be registered in a register (the "OPTION REGISTER") maintained at the Company Offices as they are issued. The Option Register shall list the name, address and Social Security or other Federal Identification Number, if any, of all Holders. The Company shall be entitled to treat the Holder as set forth in the Option Register as the owner in fact of the Langer Options as set forth therein for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such Langer Options on the part of any other person, and shall not be liable for any registration of transfer of Langer Options that are registered or to be registered in the name of a fiduciary or the nominee of a fiduciary unless made with the actual knowledge that a fiduciary or nominee is committing a breach of trust in requesting such registration of transfer, or with such knowledge of such facts that its participation therein amounts to bad faith.

9. Transfer.

9.1 PERMISSIBLE TRANSFEREES. This Option Agreement and the right to purchase Langer Options evidenced hereby may be transferred, sold, assigned or hypothecated in whole or in part, at any time, or from time to time, provided that the Company shall not be required to issue Option Agreements as a result of any transfer granting the Holder the right to purchase less than 10,000 Option Shares. Any such transfer shall be effected by executing the form of assignment at the end hereof, and (ii) surrendering this Option Agreement for cancellation to the Company; whereupon the Company shall issue, in the name or names specified by Holder a new Option Agreement or Option Agreements of like tenor and representing in the aggregate rights to purchase the same number of shares of Common Stock as are purchasable hereunder.

9.2 TRANSFER OF OPTION. The registered Holder of this Option Agreement, by its acceptance hereof, agrees that it will not sell, assign, pledge, hypothecate or otherwise transfer this Option Agreement or the Langer Options evidenced hereby except (i) pursuant to an effective registration under the Act and in compliance with applicable state securities laws, (ii) if the Company receives an opinion of counsel, reasonably satisfactory to the Company, that such registration is not required and that the sale, assignment, pledge, hypothecation or transfer is in compliance with applicable state securities laws; or (iii) to family members of the Holder or trusts established for the benefit of family members of the Holder.

10. Exchange.

This Option Agreement may be exchanged for another Option Agreement or Option Agreements entitling the Holder thereof to purchase a like aggregate number of Option Shares as the Langer Options evidenced hereby, provided the Company shall not be required

to issue as a result of any request for exchange an Option Agreement granting the Holder the right to purchase less than 10,000 Option Shares. A Holder desiring to exchange this Option Agreement shall make such request in writing delivered to the Company, and shall surrender this Option Agreement therewith. Thereupon, the Company shall execute and deliver to the person entitled thereto a new Option Agreement or Option Agreements, as the case may be, as so requested.

11. Notices.

11.1 In the event of:

(1) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a regularly scheduled cash dividend payable out of consolidated earnings or earned surplus, determined in accordance with generally accepted accounting principles, in an amount not exceeding the amount of the immediately preceding cash dividend for such period) or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, or

(2) any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any consolidation or merger involving the Company and any other Person, any transaction or series of transactions in which more than 50% of the voting securities of the Company are transferred to another Person, or any transfer, sale or other disposition of all or substantially all the assets of the Company to any other Person, or

(3) any voluntary or involuntary dissolution, liquidation or winding-up of the Company, then, in either case, the Company shall mail to each Holder a notice specifying (i) the date or expected date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right, and (ii) the date or expected date on which any such reorganization, reclassification, recapitalization, consolidation, merger, transfer, sale, disposition, dissolution, liquidation or winding-up is to take place and the time, if any such time is to be fixed, as of which the holders of record of Common Stock (or Other Securities) shall be entitled to exchange their shares of Common Stock (or Other Securities) for the securities or other property deliverable upon such reorganization, reclassification, recapitalization, consolidation, merger, transfer, dissolution, liquidation or winding-up. Such notice shall be mailed at least 15 days prior to the date therein specified.

11.2 In each case of any adjustment or readjustment in the shares of Common Stock (or Other Securities) issuable upon the exercise of the Langer Options, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms of this Agreement and prepare a certificate, signed by the Chairman of the Board,

President or one of the Vice Presidents of the Company, and by the Chief Financial Officer, the Treasurer or one of the Assistant Treasurers of the Company, setting forth such adjustment or readjustment and showing in reasonable detail the method of calculation thereof and the facts upon which such adjustment or readjustment is based, including a statement of the number of shares of Common Stock outstanding or deemed to be outstanding, and the Exercise Price in effect immediately prior to such issue or sale and as adjusted and readjusted (if required by Section 3) on account thereof. The Company shall forthwith mail a copy of each such certificate to each holder of a Langer Option and shall, upon the written request at any time of any holder of a Langer Option, furnish to such holder a like certificate setting forth the Exercise Price at the time in effect and showing in reasonable detail how it was calculated. The Company shall also keep copies of all such certificates at its principal office and shall cause the same to be available for inspection at such office during normal business hours by any holder of a Langer Option or any prospective purchaser of a Langer Option designated by the holder thereof.

11.3 All notices and other communications hereunder shall be in writing and shall be deemed given when delivered in person, against written receipt therefor, or two days after being sent, by registered or certified mail, postage prepaid, return receipt requested, and, if to the Holder, at such address as is shown on the Option Register or as may otherwise have been furnished to the Company in writing in accordance with this Section by the Holder and, if to the Company, at the Company Offices or such other address as the Company shall give notice thereof to the Holder in accordance with this Section.

12. Definitions.

As used herein, unless the context otherwise requires, the following terms shall have the meanings indicated:

"CURRENT MARKET PRICE" shall mean, on any date specified herein, the average of the daily Market Price during the 10 consecutive trading days commencing 15 trading days before such date, except that, if on any such date the shares of Common Stock are not listed or admitted for trading on any national securities exchange or quoted in the over-the-counter market, the Current Market Price shall be the Market Price on such date.

"MARKET PRICE" shall mean, on any date specified herein, the amount per share of the Common Stock, equal to (a) the last reported sale price of such Common Stock, regular way, on such date or, in case no such sale takes place on such date, the average of the closing bid and asked prices thereof regular way on such date, in either case as officially reported on the principal national securities exchange on which such Common Stock is then listed or admitted for trading, or (b) if such Common Stock is not then listed or admitted for trading on any national securities exchange but is designated as a national market system security by the NASD, the last reported trading price of the Common Stock on such date, or (c) if there shall have been no trading on such date or if the Common Stock is not so designated, the average of the closing bid and asked prices of the Common Stock on such date as shown by the NASD automated quotation system, or (d) if such Common Stock is not then listed

or admitted for trading on any national exchange or quoted in the over-the-counter market, the fair value thereof (as of a date which is within 20 days of the date as of which the determination is to be made) determined in good faith by the Board of Directors of the Company.

"OTHER SECURITIES" shall mean any stock (other than Common Stock) and other securities of the Company or any other Person (corporate or otherwise) which the holders of the Options at any time shall be entitled to receive, or shall have received, upon the exercise of the Options, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities pursuant to Section 4 or otherwise.

"PERSON" shall mean any individual, firm, corporation, partnership, trust, joint venture, association, joint stock company, limited liability company, unincorporated organization or any other entity or organization, including a government or agency or subdivision thereof, and shall include any successor (by merger or otherwise) of such entity.

13. Miscellaneous.

13.1 AMENDMENTS. Any amendment or modification of the this Option Agreement shall require the written consent signed by the party against whom enforcement of the modification or amendment is sought.

13.2 HEADINGS. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Option Agreement.

13.3 Entire Agreement. This Option Agreement (together with the other agreements and documents being delivered pursuant to or in connection with this Option Agreement) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

13.4 Binding Effect. This Option Agreement shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their permitted assignees, respective successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Option Agreement or any provisions herein contained.

13.5 Governing Law; Jurisdiction. This Option Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof or the actual domiciles of the parties. The Company and the Holder hereby agree that any action, proceeding or claim against either of them arising out of, or relating in any way to the this Option Agreement shall be brought and enforced in any of the state or federal courts located in the State of New York and irrevocably submits to such jurisdiction.

13.6 WAIVER, ETC. The failure of the Company or the Holder to at any time enforce any of the provisions of the this Option Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Option Agreement or the Langer Options or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of the this Option Agreement or the Langer Options. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Option Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

13.7 Interpretation. Any word or term used in this Option Agreement in any form shall be masculine, feminine, neuter, singular or plural, as proper reading requires. The words "herein", "hereof", "hereby" or "hereto" shall refer to this Option Agreement unless otherwise expressly provided. Any reference herein to a Section shall be a reference to a Section of this Option Agreement unless the context otherwise requires.

Dated: February 13, 2001

THE LANGER BIOMECHANICS GROUP, INC.

By: /s/ Daniel J. Gorney

Name: Daniel J. Gorney
Title: President and CEO

ATTEST:

/s/ Thomas G. Archbold

Name: Thomas G. Archbold
Title: VP - Finance

EXERCISE NOTICE

Dated: _____, ____

TO: THE LANGER BIOMECHANICS GROUP, INC.

The undersigned hereby irrevocably elects to exercise the Langer Options to purchase _____ shares of Common Stock, par value \$.02 per share ("Common Stock"), of The Langer Biomechanics Group, Inc. and hereby makes payment of \$_____ therefor. The undersigned hereby requests that certificates for shares issuable pursuant to this exercise be issued and delivered as follows:

INSTRUCTIONS FOR REGISTRATION OF STOCK

Name: _____
Please type or print in block letters)

Taxpayer
Identification
Number: _____

Address: _____

Signature: _____
(Signature must conform in all respects to the name of
the Holder as set forth on the face of the Options.)

ASSIGNMENT FORM

FOR VALUE RECEIVED,

(Please type or print in block letters)

hereby sells, assigns and transfers unto:

Name:

(Please type or print in block letters)

Taxpayer
Identification
Number:

Address:

the right to purchase _____ shares of common stock, par value \$.02 per share, of the Langer Biomechanics Group, Inc. (the "Company") pursuant to the Option Agreement dated January , 2001, between the undersigned and the Company and does hereby irrevocably constitute and appoint _____ Attorney-in-Fact, to transfer the same on the books of the Company with full power of substitution in the premises.

Dated: _____

Signature: _____

(Signature must conform in all respects to the name of the Holder as set forth on the face of the Options.)

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "AGREEMENT") is made and entered into as of February __, 2001 between The Langer Biomechanics Group, Inc., a corporation organized under the laws of the State of New York (the "COMPANY"), and each of the holders indicated on the signature page hereto (each, a "HOLDER," collectively, the "Holders").

R E C I T A L S

This Agreement is made in connection with the Option Agreements, dated as of the date hereof (the "OPTION AGREEMENT"), between the Company and the Holders, pursuant to which the Holders are acquiring options to purchase up to 1,400,000 shares of the Common Stock of the Company.

Unless otherwise defined herein, capitalized terms so used herein and not defined shall have the same meaning as provided in the Option Agreement.

The parties hereby agree as follows:

1. CERTAIN DEFINITIONS.

As used in this Agreement, the following terms shall have the following respective meanings:

"BUSINESS DAY" means any day, other than a Saturday, Sunday or legal holiday, on which banks in the State of New York are open for business.

"COMMON STOCK" means the Common Stock, par value \$.02 per share, of the Company, as constituted on the date hereof, any shares into which such Common Stock shall have been changed, or any shares resulting from any reclassification of such Common Stock.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, or any successor statute thereto, and the rules and regulations of the SEC promulgated thereunder, all as the same shall be in effect at the time.

"HOLDERS" means the Holders referred to in the Preamble, their respective successors and any other person holding Registrable Securities to whom these registration rights have been assigned pursuant to Section 8(f) of this Agreement.

"INCIDENTAL REGISTRATION" has the meaning specified in Section 2(b) of this Agreement.

"MAJORITY HOLDERS" means as of any time Holders of at least 50% of the Registrable Securities outstanding at such time.

"PERSON" shall mean an individual, partnership, corporation, association, trust, joint venture, unincorporated organization and any government, governmental, department or agency or political subdivision thereof

"REGISTRABLE SECURITIES" means (i) the Common Stock acquired by any Holder pursuant to the exercise of the Langer Options; (ii) any Common Stock or other securities issued or issuable with respect to Common Stock acquired by any Holder pursuant to the exercise of the Langer Options, upon any stock split, stock dividend, recapitalization, or similar event and (iii) any securities issued in replacement or exchange of any of the securities issued in clauses (i) or (ii) above.

"REGISTRATION" means an Incidental Registration and a Requested Registration.

"REGISTRATION EXPENSES" means all expenses incident to the Company's performance of or compliance with this Agreement, including, without limitation, all registration, filing, listing and National Association of Securities Dealers, Inc. ("NASD") fees, all fees and expenses of complying with securities or blue sky laws of the United States, including without limitation the Securities Laws, all word processing, duplicating and printing expenses, all messenger and delivery expenses, any stock exchange fees, any transfer taxes, the fees and expenses of the Company's legal counsel and independent public accountants, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, and any fees and disbursements of underwriters customarily paid by issuers or sellers of securities; provided, however, that Registration Expenses shall not include underwriting discounts and commissions.

"REGISTRATION STATEMENT" has the meaning specified in Section 3(a) of this Agreement.

"REQUESTED REGISTRATION" has the meaning specified in Section 2(a) of this Agreement.

"SEC" means the United States Securities and Exchange Commission.

"SECURITIES ACT" means the Securities Act of 1933, as amended, or any successor statute thereto, and the rules and regulations of the SEC promulgated thereunder, all as the same shall be in effect at the time.

"SECURITIES LAWS" means the Securities Act and the Exchange Act.

"UNDERWRITER'S MAXIMUM NUMBER" means in connection with an underwritten registration or offering of Registrable Securities or any shares of the capital stock or other securities of the Company, a specified maximum number of securities that, in the written opinion of the managing underwriters, may successfully be included in such registration or offering due to the dictates of market conditions.

2. REGISTRATION.

(a) REQUESTED REGISTRATION. At any time after the date hereof and on or prior to the third anniversary of the date hereof, upon written request by the Majority Holders to the Company, that the Company effect the registration under the Securities Act of all or part of the Registrable Securities (a "REQUESTED REGISTRATION"), the Company will use its best efforts to effect the registration under the Securities Act of the Registrable Securities which the Company has been so requested to register by the Holders within one hundred twenty (120) days after receipt of such request or within sixty (60) days after receipt of such request with respect to a Requested Registration, if the Company is qualified to file a registration statement on SEC Form S-3 or any successor or similar short-form registration statement (collectively, "SEC Form S-3") and the SEC does not subject such registration to a full review; provided, however, that the Company shall not be obligated to effect a Requested Registration pursuant to this subdivision (a), (A) unless with respect to a Requested Registration, the shares to be registered represent at least two percent (2%) of the Common Stock then outstanding and the anticipated aggregate offering price of the Registrable Securities to be sold is at least \$2,000,000, in the case of registration on SEC Form S-3, or at least \$5,000,000 in the case of other registrations, or (B) during the 180 day period immediately following the consummation of any previous Requested Registration pursuant to this Section. Subject to all limitations in the preceding sentence, the Company must effect no more than three Requested Registrations pursuant to this subdivision (a) to the extent such Requested Registrations may be effected on SEC Form S-3, and no more than two Requested Registrations hereunder other than on SEC Form S-3. Subject to subdivision (e), the Company may include in such Requested Registration other securities of the Company for sale, for the Company's account or for the account of any other person, if there is no underwriter and, if there is an underwriter, if and to the extent that the managing underwriter determines that the inclusion of such additional shares will not interfere with the orderly sale of the underwritten securities at a price range acceptable to the requesting Holders. Upon receipt of a written request pursuant to this subdivision (a) the Company shall promptly give written notice of such request to all Holders, and all Holders shall be afforded the opportunity to join in such request. The Company will be obligated to include in the Requested Registration such number of Registrable Securities of any Holder joining in such request as are specified in a written request by such Holder received by the Company within 20 days after receipt of such written notice from the Company.

(b) INCIDENTAL REGISTRATION. If the Company for itself or any of its security holders shall at any time or times after the date hereof determine to register under the Securities Act any shares of its capital stock or other securities (an "Incidental Registration"), other than: (i) the registration of an offer, sale or other disposition of securities solely to employees of, or other persons providing services to, the Company, or any subsidiary pursuant to an employee or similar benefit plan or where Form S-8, or any successor form is otherwise available; or (ii) relating to a merger, acquisition or other transaction of the type described in Rule 145 under the Securities Act or a comparable or successor rule, registered on SEC Form S-4 or similar or successor forms, the Company will notify each Holder of such determination at least thirty (30) days prior to the filing of such registration statement or prospectus, and upon the written request of any Holder given in writing to the Company within twenty (20) days after the receipt of such notice, the Company will use its best efforts as soon as practicable thereafter to cause any of such Holder's Registrable Securities specified in such

Holder's request to be included in such registration statement or prospectus to the extent such registration is permissible under the applicable Securities Laws and subject to the conditions of such applicable Securities Laws. Subject to subdivision (e) any Holders may cause Registrable Securities to be included in a Registration Statement filed on behalf of the Company, if there is no underwriter and, if there is an underwriter, if and to the extent that the managing underwriter determines that the inclusion of such additional securities will not interfere with the orderly sale of the underwritten securities at a price range acceptable to the Company.

(c) EXPENSES. The Company shall pay all Registration Expenses incurred in connection with any Incidental Registration and any Requested Registration.

(d) EFFECTIVE REGISTRATION STATEMENT. A Requested Registration or an Incidental Registration requested pursuant to Section 2(a) or Section 2(b), respectively, shall not be deemed to have been effected unless the Registration Statement relating thereto has become effective with the SEC. Notwithstanding the foregoing, a Requested Registration or an Incidental Registration will not be deemed to have been effected if (i) within sixty (60) days after it has become effective with the SEC, such Requested Registration or Incidental Registration is interfered with by any stop order, cease trade order, injunction, or other order or requirement of the SEC or any other governmental agency or any court proceeding for any reason other than a misrepresentation or omission by any Holder; or (ii) the conditions to closing specified in the purchase agreement or underwriting agreement entered into in connection with such registration are not satisfied, other than solely by reason of some act or omission by any Holder.

(e) PRIORITY IN REGISTRATION.

(i) If (A) a Requested Registration is an underwritten registration, (B) the Company proposes to include other securities of the Company for sale, for the Company's account or the account of others ("Additional Registrable Securities"), and (C) the managing underwriters shall give written advice to the Company of an Underwriter's Maximum Number with respect to such Requested Registration, which is less than the aggregate number (the "Proposed Included Securities") of the Registrable Securities requested for inclusion by the Holders and such Additional Registrable Securities, then: (w) first, the number of such Additional Registrable Securities which may be included in the Requested Registration shall be reduced by the excess of such Proposed Included Securities over such Underwriter's Maximum Number (such excess being herein called the "Excess Securities"), with the relative priority rights of the Holders of such Additional Securities determined in accordance with their respective Agreements with the Company and (x) second, if such Excess Securities shall exceed the number of such Additional Registrable Securities, such number of the Registrable Securities requested for inclusion by the Holders shall be reduced pro rata among the Holders, on the basis of the number of shares requested to be included therein by the Holders, by an aggregate amount equal to the excess of the Excess Securities over such sum.

(ii) If an Incidental Registration is an underwritten registration initiated by the Company for its own account, and the managing underwriters shall give written advice to the Company of an Underwriter's Maximum Number with respect to such Incidental Registration, then: (A) the Company shall be entitled to include in such registration that number of securities which the Company proposes to offer and sell for its own account in such registration which does not exceed the Underwriter's Maximum Number; and (B) the Company will be obligated and required to include in such registration that number of shares of Registrable Securities which shall have been requested by the Holders thereof and for the account of others ("ADDITIONAL REGISTRANTS") having registration rights PARRI PASSU with those of the Holders ("ADDITIONAL REGISTRABLE SECURITIES") and which does not exceed the difference between the Underwriter's Maximum Number and that number of securities which the Company is entitled to include therein pursuant to clause (A) above and such number of shares shall be allocated pro rata between the Holders and the Additional Registrants on the basis of the number of shares requested to be included therein by the Holders and the Additional Registrants to the full extent of the remaining portion of the Underwriter's Maximum Number.

(iii) If an Incidental Registration is an underwritten registration initiated by the Company pursuant to an agreement (an "Other Reg Rights Agreement") with securities holders of the Company ("OTHER HOLDERS") other than the Holders, and the Holders and/or the Company shall request to include any securities therein, and the managing underwriters shall give written advice to the Other Holders of an Underwriter's Maximum Number with respect to such Incidental Registration which is less than the aggregate number of securities requested for inclusion by the Other Holders, the Holders and the Company, then for purposes of determining the relative priority of the Holders and the Other Holders, on the one hand, and the Company, on the other, the Holders shall be deemed Other Holders and priority shall be determined in accordance with the provisions of the Other Reg Rights Agreement and, for purposes of determining the relative priority between the Holders and the Other Holders, the number of securities which the Holders and the Other Holders would be entitled to include in such Incidental Registration pursuant to such Other Agreements will be allocated among the Holders and the Other Holders in proportion to the number of shares requested to be included therein by the Holders and the Other Holders.

(f) Notwithstanding anything in paragraphs (a) and (b) of this Section 2, the Company shall have the right to delay any registration of Registrable Securities requested pursuant to paragraph (a) or (b) of this Section 2 for up to ninety (90) days if such registration would, in the judgment of the Company's Board of Directors, substantially interfere with any material transaction being considered at the time of receipt of the request from the Holders. If the material transaction being considered by the Company is a public offering of its securities, the Company shall be permitted to delay the requested registration only if it is actively engaged in seeking to complete such offering,

3. REGISTRATION AND QUALIFICATION PROCEDURES.

(a) If and whenever the Company is required to effect the registration of any Registrable Securities under the Securities Laws as provided in Section 2, the Company, as expeditiously as possible and subject to the terms and conditions of Section 2, will:

(i) prepare and file in any event within forty-five (45) days after a request for registration has been delivered to the Company or, if the Company is then eligible to use SEC Form S-3, within thirty (30) days after such request has been so delivered, with the SEC the requisite registration statement and prospectus related thereto to effect such Registration (a "Registration Statement") and use its best efforts to cause such Registration Statement to become and remain effective; provided, if at the time of such request the Company does not have available audited financial statements as as required by the Securities Laws, such period shall be extended for such time, up to an additional 45 days, as is required to expeditiously prepare and have audited the requisite financial statements;

(ii) permit any Holder which, in the reasonable judgment of the Holder, might be deemed to be an underwriter, promoter or a controlling person of the Company, to participate in the preparation of a Registration Statement and to require the insertion therein of material, reasonably satisfactory to the Company, which in the reasonable judgment of such Holder and its counsel should be included;

(iii) prepare and file with the SEC such amendments and supplements to such Registration Statement pursuant to the Securities Laws as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Laws with respect to the disposition of all securities covered by such Registration Statement until the earlier of such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such Registration Statement or the expiration of nine months after such Registration Statement becomes effective;

(iv) furnish to the Holders (A) such number of conformed copies of such Registration Statement, each preliminary prospectus and summary prospectus and each amendment and supplement thereto (in each case including all exhibits) and any prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and (B) such other documents, as any Holder of Registrable Securities to be sold under such Registration Statement may reasonably request;

(v) use its best efforts to register or qualify all Registrable Securities under such other United States state securities or blue sky laws of such jurisdictions as any Holder of Registrable Securities, which are to be sold, shall reasonably request, to keep such registration or qualification in effect, and take any other action which may be reasonably necessary or advisable to enable the Holder of Registrable

Securities, which are to be sold under such Registration Statement, to consummate the disposition of such Registrable Securities in such jurisdictions, except that the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this subdivision (v) be obligated to be so qualified, or (B) subject itself to taxation in any such jurisdiction.

(vi) use its best efforts to cause all Registrable Securities covered by a Registration Statement to be registered with or approved by such other United States state agencies or authorities as may be necessary to enable the Holders of Registrable Securities to be sold under such Registration Statement to consummate the intended disposition of such Registrable Securities;

(vii) in the event of the issuance of any stop, cease trade or other order suspending the effectiveness of the Registration Statement, or of any order suspending or preventing the use of any related prospectus or suspending the registration of any Registrable Securities included in such Registration Statement for sale in any jurisdiction, the Company shall use its best efforts promptly to obtain the withdrawal of such order;

(viii) use its best efforts to furnish to the Holders of Registrable Securities to be sold under such Registration Statement (A) an opinion, dated the effective date of the Registration Statement, of the independent counsel representing the Company for the purposes of such registration, addressed to the underwriters, if any, and to the Holders making such request, stating that such Registration Statement has become effective under applicable Securities Laws and that (1) to the best knowledge of such counsel, no stop, cease trade or other order suspending the effectiveness thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under applicable Securities Laws; (2) the Registration Statement, each preliminary or supplementary prospectus with respect thereto, and each amendment or supplement thereto, comply as to form in all material respects with the requirements of applicable Securities Laws (except that such counsel need express no opinion as to financial statements contained therein); (3) such counsel has no reason to believe that either the Registration Statement, each preliminary or supplementary prospectus with respect thereto, or any amendment or supplement thereto, contains any untrue statement of a material fact or omits a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (4) the descriptions in the effective Registration Statement, each supplementary prospectus with respect thereto, or any amendment or supplement thereto, of all legal and governmental matters and contracts and other legal documents or instruments are accurate and fairly present the information required to be shown; and (5) such counsel does not know of any legal or governmental proceedings, pending or contemplated, required to be described in the effective Registration Statement, each supplementary prospectus with respect thereto, or any amendment or supplement thereto, which are not described as required nor of

any contracts or documents or instruments of a character required to be described in the effective Registration Statement, each supplementary prospectus with respect thereto, or any amendment or supplement thereto or to be filed as exhibits to the effective Registration Statement which are not described and filed as required; and (B) a letter, dated the effective date of the Registration Statement, from the independent certified public accountants of the Company, addressed to the underwriters, if any, and to the Holders making such request, stating that they are independent certified public accountants within the meaning of the Securities Act and that in the opinion of such accountants, the financial statements and other financial data of the Company included in the effective Registration Statement, each supplementary prospectus with respect thereto, or any amendment or supplement thereto, comply as to form in all material respects with the applicable accounting requirements of applicable Securities Laws.

Such opinion of counsel shall additionally cover such legal matters with respect to the registration or qualification in respect of which such opinion is being given as the Holders may reasonably request. Such letter from the independent certified public accountants shall additionally cover such other financial matters (including information as to the period ending not more than five business days prior to the date of such letter) with respect to the registration or qualification in respect of which such letter is being given as the Holders may reasonably request.

(ix) immediately notify the Holders of Registrable Securities included in such Registration Statement at any time when a prospectus relating thereto is required to be delivered under applicable Securities Laws, of the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and at the request of the Holders promptly prepare and furnish to the Holders a reasonable number of copies of a supplement to or an amendment thereof as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(x) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering a period of at least twelve months, but not more than eighteen months, beginning with the first full calendar month after the effective date of the Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder,

(xi) provide a transfer agent for all Registrable Securities covered by such Registration Statement not later than the effective date of such Registration Statement; and

(xii) use its best efforts to list all Registrable Securities covered by such Registration Statement on any securities exchange on which any of the shares of the capital stock of the Company are then listed.

(b) The Company may require each Holder of Registrable Securities to be sold under a Registration Statement, at the Company's expense, to furnish the Company with such information and undertakings as it may reasonably request regarding such Holder and the distribution of such securities as the Company may from time to time reasonably request in writing.

(c) Each Holder, by execution of this Agreement, agrees (A) that upon receipt of any notice of the Company of the happening of any event of the kind described in subdivision (a)(ix) of this Section 3, such Holder will forthwith discontinue its disposition of Registrable Securities pursuant to the Registration Statement relating thereto until the expiration of any time limits imposed by applicable Securities Laws and until the receipt by such Holder of copies of the supplemented or amended prospectus contemplated by subdivision (a)(ix) of this Section 3 and, if so directed by the Company, will deliver to the Company all copies other than permanent file copies, then in possession of the Holder of the prospectus relating to such Registrable Securities current at the time of receipt of such notice and (B) that Holder will immediately notify the Company, at any time when a prospectus relating to the registration or qualification of such Registrable Securities is required to be delivered under applicable Securities Laws, of the happening of any event as a result of which information previously furnished by Holder to the Company for inclusion in such prospectus contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made. In the event the Company or any such Holder shall give any such notice, the period referred to in subdivision (a)(iii) of this Section 3 shall be extended by a number of days equal to the number of days during the period from and including the giving of notice pursuant to subdivision (a)(ix) of this Section 3 to and including the date when such Holder shall have received the copies of the supplemented or amended prospectus contemplated by subdivision (a)(ix) of this Section 3.

4. UNDERWRITTEN OFFERINGS.

(a) UNDERWRITTEN OFFERINGS. In connection with any underwritten offering pursuant to a Registration requested under Section 2(a), the Company and the Holders will enter into an underwriting agreement with the underwriters for such offering, such agreement to be in form and substance reasonably satisfactory to all Holders requesting such Registration and such Holders' underwriters in their reasonable judgment and to contain such representations and warranties by the Company and such other terms as are customarily contained in agreements of that type, including, without limitation, indemnities to the effect and to the extent provided in Section 6. Each such Holder shall be a party to such underwriting agreement and may, at his option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company

to and for the benefit of such underwriters shall also be made to and for the benefit of each such Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Holder. No Holder requesting a Requested Registration or Incidental Registration shall be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Holder and its intended method of distribution and any other representation required, or relating to information required, by law.

(b) SELECTION OF UNDERWRITERS. If a Requested Registration pursuant to Section 2(a) involves an underwritten offering, then the Company shall select the underwriter from underwriting firms of national reputation, subject to the approval of the Holders of a majority of the Registrable Securities to be included in such registration.

(c) HOLDBACK AGREEMENTS. Each Holder agrees, if so reasonably required by the managing underwriter of any firm commitment registered offering pursuant to Section 2 or by the managing underwriter of any firm commitment registered offering by the Company of its securities, not to effect any public sale or distribution of Registrable Securities or sales of Registrable Securities pursuant to Rule 144 or Rule 144A under the Securities Act during the seven (7) days prior to and the 180 days after the effective date of the related Registration Statement if necessary in order to complete the orderly sale and distribution of the securities distributed in such offering, except as part of such underwritten registration or offering, whether or not such Holder participates in such registration or offering.

5. PREPARATION, REASONABLE INVESTIGATION.

In connection with the preparation and filing of each Registration Statement under applicable Securities Laws, the Company will give the Holders of Registrable Securities, to be sold under such Registration Statement, the underwriters, if any, and their respective counsel and accountants, drafts and final copies of such Registration Statement, each preliminary or summary prospectus with respect thereto and each amendment thereof or supplement thereto, at least 1 business day prior to the filing thereof with the SEC, and will give each of them such access to its books and records and such opportunities to discuss the business of the Company with its officers and the independent public accountants who have certified its financial statements as shall be necessary, in the opinion of such Holders and such underwriters' respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act.

6. INDEMNIFICATION AND CONTRIBUTION.

(a) INDEMNIFICATION BY THE COMPANY. In the event of any registration under applicable Securities Laws pursuant to Section 2 of any Registrable Securities, the Company will, and hereby does, indemnify and hold harmless each Holder of Registrable Securities, to be sold under such Registration Statement, each such Holder's legal counsel, each other person who participates as an underwriter in the offering or sale of such securities (if so required by such underwriter as a condition to including the Registrable Securities of the Holders in such registration or qualification), such underwriters' counsel, and each other person, if any, who controls any such Holder or any such

underwriter within the meaning of the Securities Act (collectively, the "Indemnified Parties"), against any losses, claims, damages or liabilities, joint or several, to which the Holders, or underwriter or controlling person may become subject under applicable Securities Laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement under which such securities were registered or qualified under applicable Securities laws, any preliminary prospectus, final prospectus or summary prospectus contained therein or any document incorporated therein by reference, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or arise out of any violation by the Company of any rule or regulation promulgated under applicable Securities Laws and relating to action or inaction required of the Company in connection with any such registration or qualification, and the Company will reimburse the Indemnified Parties for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding; provided, however, that the Company shall not be liable to any Indemnified Party in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such Registration Statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such Indemnified Party, except the Company shall be liable if such untrue statement or omission was corrected in such Registration Statement, preliminary prospectus, final prospectus, amendment or supplement and the Company failed to deliver such corrected document under circumstances in which the obligation to deliver such corrected document was the responsibility of the Company.

(b) INDEMNIFICATION BY THE HOLDERS. The Company may require, as a condition to including any securities of the Company held by any person or entity in any Registration Statement filed pursuant to Section 2, that the Company shall have received an undertaking reasonably satisfactory to it from such person or entity to indemnify and hold harmless (in the same manner and to the same extent as set forth in subdivision (a) of this Section 6) the Company, each director of the Company, each officer of the Company, counsel to the Company, each other person, if any, who controls the Company within the meaning of applicable Securities Laws, and each underwriter or agent thereof (for purposes of Section 6(c) these parties shall be considered "INDEMNIFIED PARTIES"), with respect to any statement or alleged statement in or omission or alleged omission from such Registration Statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, if, and only if, such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with information furnished in writing to the Company directly by such person or entity specifically for use therein; provided, however, that the obligation of any Holder hereunder shall be limited to an amount equal to the proceeds received by such Holder upon the sale of Registrable Securities sold in the offering covered by such registration.

(c) NOTICES OF CLAIMS, ETC. Promptly after receipt by an Indemnified Party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding

subdivisions of this Section 6, such Indemnified Party will, if a claim in respect thereof is to be made against a party required to provide indemnification (an "Indemnifying Party"), give written notice to the latter of the commencement of such action, provided, however, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligation under the preceding subdivisions of this Section 6, except to the extent that the Indemnifying Party is actually prejudiced by such failure to give notice. In case any such action is brought against an Indemnified Party, unless in such Indemnified Party's reasonable judgment a conflict of interest between such Indemnified and Indemnifying Parties may exist in respect of such claim, the Indemnifying Party shall be entitled to participate in and to assume the defense thereof, jointly with any other Indemnifying Party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of its election so to assume the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation. No Indemnifying Party shall consent to entry of any judgment or enter into any settlement without the consent of the Indemnified Party which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

(d) OTHER INDEMNIFICATION. Indemnification similar to that specified in the preceding subdivisions of this Section 6 (with appropriate modifications) shall be given by the Company and each Holder of Registrable Securities included in any Registration Statement with respect to any required registration or other qualification of securities under any Federal or state law or regulation of any governmental authority, other than the Securities Act.

(e) INDEMNIFICATION PAYMENT. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

(f) SURVIVAL OF OBLIGATIONS. The obligations of the Company and the Holder under this Section 6 shall survive the completion of any offering of Registrable Securities under this Agreement.

(g) CONTRIBUTION. If the indemnification provided for in this Section 6 is unavailable or insufficient to hold harmless an Indemnified Party, then each Indemnifying Party shall contribute to the amount paid or payable to such Indemnified Party as a result of the losses, claims, damages or liabilities referred to in this Section 6 an amount or additional amount, as the case may be, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party or parties on the one hand and the Indemnified Party on the other in connection with the statements or omissions which resulted in such losses, claims, demands or liabilities as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or parties on the one hand or the Indemnified Party on the other and the parties' relative, intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount

paid to an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this Section 6(g) shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any action or claim which is the subject of this Section 6. No person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the Securities Act shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

7. OTHER REGISTRATION RIGHTS.

The Company represents and warrants that it has not granted any registration rights to any Person. So long as any of the registration rights under this Agreement remain in effect, the Company shall not grant to any Person any registration rights, entitling such Person to a priority in registration superior to or that of the Holders.

8. MISCELLANEOUS.

(a) SPECIFIC PERFORMANCE. The parties hereto acknowledge that there may be no adequate remedy at law if any party fails to perform any of its obligations hereunder and that each party may be irreparably harmed by any such failure, and accordingly agree that each party, in addition to any other remedy to which it may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of any other party under this Agreement in accordance with the terms and conditions of this Agreement.

(b) NOTICES. All demands, notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by facsimile machine (with a confirmation copy sent by one of the other methods authorized in this Section), commercial (including UPS), U.S. Postal Service overnight delivery service, or, deposited with the U.S. or Postal Service mailed first class, registered or certified mail, postage prepaid, as set forth below:

If to the Company, addressed to:

The Langer Biomechanics Group, Inc.
450 Commack Road
Deer Park, New York 11720
Attn: President

with a copy to:

Kaufman Moomjian, LLC
Suite 206
50 Charles Lindbergh Boulevard
Mitchell Field, New York 11553
Attention: Gary T. Moomjian, Esq.

If to a Holder, addressed as indicated on the signature page hereto.

Notices shall be deemed given upon the earlier to occur of (i) receipt by the party to whom such notice is directed; (ii) if sent by facsimile machine, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) such notice is sent if sent (as evidenced by the facsimile confirmed receipt) prior to 5:00 p.m. Eastern Time and, if sent after 5:00 p.m. Eastern Time, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) after which such notice is sent; (iii) on the first business day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) following the day the same is deposited with the commercial carrier if sent by commercial overnight delivery service; or (iv) the fifth day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) following deposit thereof with the U.S. Postal Service as aforesaid. Each party, by notice duly given in accordance therewith may specify a different address for the giving of any notice hereunder.

(c) GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to conflicts of law principles thereof.

(d) HEADINGS. The descriptive headings of the several sections and paragraphs of this Agreement are inserted for convenience only, and do not constitute a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

(e) ENTIRE AGREEMENT; AMENDMENTS. This Agreement and the other writings referred to herein or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to its subject matter. This Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter. This Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument duly executed by the Company and those Holders holding a majority of Registrable Securities. Each Holder of any Registrable Securities at the time or thereafter outstanding shall be bound by an amendment or waiver authorized by this Section 9(e), whether or not any such Registrable Securities shall have been marked to indicate such consent.

(f) ASSIGNABILITY. This Agreement and all of the provisions hereof will be assigned, without the consent of the Company, by any Holder to, and shall inure to the benefit of, any purchaser, transferee or assignee of any Registrable Security, unless the Holder specifies otherwise in connection with particular transfers of Registrable Securities. However, the Company shall not be required to recognize any such purchaser, transferee or assignee as a Holder under this Agreement unless and until either (i) such person becomes the holder of record of Registrable Securities or (ii) the Company receives written notice of such purchase, transfer or assignment.

(g) COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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

THE LANGER BIOMECHANICS GROUP, INC.

By: _____

Name: _____

Title: _____

HOLDERS:

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EXECUTIVE EMPLOYMENT AGREEMENT

AGREEMENT, dated as of the 13th day of February, 2001, by and between THE LANGER BIOMECHANICS GROUP, INC., a New York corporation with offices at 450 Commack Road, Deer Park, NY 11729 ("LANGER"), and ANDREW H. MEYERS, residing at 31 The Birches, Roslyn Estates, NY 11576 (the "EXECUTIVE").

WHEREAS, Langer is desirous of employing the Executive as the President and Chief Executive Officer of Langer, and the Executive is desirous of serving Langer in such capacities, all upon the terms and subject to the conditions hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto, intending to be legally bound, agree as follows:

1. EMPLOYMENT.

Langer agrees to employ the Executive, and the Executive agrees to be employed by Langer, upon the terms and subject to the conditions of this Agreement.

2. TERM.

The term of the Executive's employment under this Agreement shall commence on the date hereof and shall continue through December 31 2003 (the "INITIAL TERM"), unless earlier terminated as hereinafter provided. The Executive's employment shall continue after the Initial Term on a year-to-year basis (each, an "ADDITIONAL TERM" and, together with the Initial Term, the "TERM") unless either the Executive or Langer gives written notice to the other not later than ninety (90) days prior to the expiration of the Initial Term or any such Additional Term, as the case may be, of the decision not to extend the Executive's employment.

3. DUTIES; EFFORTS.

(a) The Executive shall serve as President and Chief Executive Officer of Langer. Subject to the general policy directions of the Board of Directors of Langer (the "BOARD") and Langer's Certificate of Incorporation and By-Laws, the Executive shall have complete supervision and control over, and sole executive responsibility for, the business operations of Langer. The Executive shall have such other duties as customarily performed by the President and Chief Executive Officer and also have such other powers and duties as may be, from time to time, prescribed by the Board, provided that the nature of the Executive's powers and duties so prescribed shall not be inconsistent with the Executive's position and duties hereunder.

The Executive shall report directly and exclusively to the Board, and no other executive officer shall be appointed with authority over the business operations of Langer or with authority otherwise superior to that of the Executive. During the Term, at each annual meeting of shareholders (or at any special meeting of shareholders at which directors are to be elected), Langer shall nominate the Executive to serve on the Board and shall use its best efforts to ensure that the Executive is elected a director of Langer.

(b) The Executive shall devote all of his business time, attention and energies to the business and affairs of Langer and its affiliated corporations and shall use his best efforts to advance the best interests of Langer; provided, however, that, it shall not be a violation of this Agreement for the Executive to (i) serve on professional, industry, civic or charitable boards, committees or organizations, (ii) manage passive personal investments, (iii) serve on the board of directors of corporations not in competition with Langer, (iv) engage in teaching, writing, lecturing and other educational activities, (v) maintain professional appointments and affiliations with hospitals and similar organizations and (vi) attend educational seminars and executive courses and programs as referred to in Section 4(h) below, so long as any such activities do not interfere with the performance of the Executive's responsibilities as an employee of Langer in accordance with this Agreement.

(c) The Executive's principal office location will be at Langer's executive office at 450 Commack Road, Deer Park, NY.

4. COMPENSATION AND BENEFITS.

(a) BASE SALARY. Langer shall pay to the Executive an annual base salary (the "BASE SALARY") of not less than \$175,000, payable in accordance with Langer's payroll practices for its executive employees. The Board will review the Base Salary and other compensation received by the Executive not less than annually during the Term with a view to increasing them based upon the Executive's performance, the performance of Langer, inflation, then prevailing industry salary scales and other relevant factors. The Base Salary provided hereunder, as increased by the Board from time to time, shall not be reduced below \$175,000 without the Executive's consent.

(b) (i) ANNUAL BONUS. The Executive shall be eligible to receive, with respect to each calendar year, a performance-based cash bonus (the "BONUS "), in addition to and separate from the Executive's Base Salary. The first such bonus shall be based on the calendar year commencing January 1, 2001. On or before March 1 of each year, the Executive shall prepare and submit to the Compensation Committee for approval a Bonus Plan for executive employees which (A) shall establish performance targets for the year and an objective method of calculating bonuses for each covered executive (hereafter referred to as an executive's "BONUS OPPORTUNITY"); and (B) will permit the Compensation Committee to award additional amounts in

its discretion, including amounts based upon revenues and/or profits achieved or anticipated due to acquisitions.

(c) STOCK OPTIONS. In addition to the Executive's Base Salary and Bonus, upon the execution of this Agreement, Langer shall grant to the Executive options to purchase 175,000 shares of its common stock under Langer's 1992 Stock Option Plan (the "OPTION PLAN"), at an exercise price of \$1.525 per share. The Options shall be issued pursuant to a stock option agreement attached hereto as EXHIBIT A. Of the foregoing, and subject to acceleration or termination under certain circumstances as further provided below or in the Option Agreement, Options for 58,333 shares shall vest on each of December 31, 2001 and December 31, 2002 and Options for 58,334 shares shall vest on December 31, 2003.

(d) OUT-OF-POCKET EXPENSES. Langer shall promptly pay to the Executive the reasonable expenses incurred by him in the performance of his duties hereunder, including, without limitation, those incurred in connection with business related travel or entertainment, or, if such expenses are paid directly by the Executive, shall promptly reimburse him for such payment, provided that the Executive properly accounts therefore in accordance with Langer's policy. Langer shall make available to the Executive a company credit card in the Executive's name for such purpose. The Compensation Committee may, in consultation with the Executive, develop reasonable guidelines with respect to the Executive's expenses consistent with his status and with a view to a reasonable relationship between such expenses and the best interests of the Company, to which guidelines the Executive will, in good faith, adhere, and from which the Executive will not willfully and materially depart without prior written approval.

(e) PARTICIPATION IN BENEFIT PLANS. The Executive, subject to eligibility requirements applied generally, shall be entitled to participate in or receive benefits under any pension plan, health and accident plan or any other employee benefit plan or arrangement made available now or in the future by Langer to its employees and senior executives including, without limitation, 401(k) plans, medical, dental, life and disability plans of Langer. Nothing herein shall be deemed to require the Company to establish or retain any such plans.

(f) KEY MAN LIFE INSURANCE. Langer shall have the right to purchase \$5,000,000 of key-man life insurance on the Executive's life, at Langer's sole expense. In addition, Langer agrees to purchase an additional \$1,000,000 of life insurance payable to a beneficiary designated by the Executive for so long as the Executive is employed by Langer. The Executive shall (a) cooperate fully with Langer in obtaining such life insurance, (b) sign any necessary consents, applications and other related forms or documents and (c) take any reasonably required medical examinations. The Executive does not represent that he is insurable but he has no reason to believe he is not insurable. Langer agrees to assign the \$1,000,000 policy to the Executive or his designated beneficiary if his employment is terminated for any reason, net of any cash value. Such policy may be structured as "split-dollar" insurance or written in such other form such that any cash value therein is retained by Langer upon such assignment.

(g) VACATION. The Executive shall be entitled to five (5) weeks of paid in each calendar year (pro rated for the number of days in any such year during which he is so employed) and to all paid holidays given by Langer to its employees. No more than two consecutive weeks of vacation shall be taken at any one time without the approval of the Compensation Committee, and the Executive shall schedule vacations in a manner consistent with Langer's seasonal or other significant business requirements.

(h) EDUCATIONAL SEMINARS AND PROGRAMS. Upon approval by the Board (which approval shall not be unreasonably withheld), employee shall be entitled to attend and Langer shall pay and/or reimburse the Executive, in amounts not exceeding \$20,000 per year, for executive educational seminars and/or executive MBA programs and courses appropriate for executives of Executive's level.

5. TERMINATION AND TERMINATION PAYMENTS.

The Executive's employment hereunder shall terminate upon the Executive's death or the Executive's voluntarily leaving the employ of Langer (other than for "Good Reason" (as defined in Section 5(c)), and may be terminated as follows:

(a) FOR CAUSE. Langer shall have the right to terminate the Executive's employment for "Cause," and, subject to Langer's obligations under Section 6(c), without Cause. A termination for "CAUSE" is a termination evidenced by a resolution adopted by a vote of a majority of the members of the entire Board finding that the Executive has:

(i) breached, failed or refused to comply with any of the material terms of this Agreement, for reasons other than Good Reason or Disability; or

(ii) refused or neglected to perform his material duties under this Agreement, for reasons other than Good Reason or Disability; or

(iii) willfully or intentionally failed to carry out, in any material respect, instructions of the Board which are not inconsistent with his position;

(iv) been convicted of any act of fraud, larceny, misappropriation of funds or embezzlement or of a crime other than traffic or other misdemeanors; or

(v) been found personally (but not vicariously) guilty (civilly or criminally) of acts constituting sexual harassment;

PROVIDED, however, that

(A) the case of clauses (i), (ii) and (iii) above, the Executive shall receive thirty (30) days' advance written notice that the Board intends to hold a meeting to consider the Executive's termination for Cause and specifying the actions constituting Cause, during which period he shall have the opportunity to cure the conduct constituting Cause;

(B) the Executive shall be given a reasonable opportunity at such meeting, accompanied by his counsel, to be heard by the Board on the issue prior to the Board's vote on the matter;

(C) any act, or failure to act, based upon authority given pursuant to a resolution of the Board or based upon the advice of counsel for Langer shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of Langer and shall not constitute Cause; and

(D) in the case of paragraphs (iv) and (v) above the Board may terminate the Executive immediately upon delivery of a notice of termination.

(b) UPON DEATH OR FOR DISABILITY. The Executive's employment with Langer shall immediately terminate upon his death without any further action. Langer shall have the right to terminate the Executive's employment immediately upon delivery of notice to the Executive as a result of the Executive's Disability. For purposes of this Agreement, a "DISABILITY" shall be deemed to have occurred

(i) if (A) the Executive has been unable due to any physical or mental illness or injury substantially to perform his duties hereunder for at least 90 consecutive days (exclusive of any vacation permitted under Section 4(g) hereof) (B) the Board delivers a written notice to the Executive ("DISABILITY NOTICE") following such period stating that the Board intends to terminate the Executive by reason of Disability but no earlier than the 120th day following the onset of such Disability, and (C) the Executive in fact fails to resume his full-time employment with Langer on or before the 120th day following the onset of such Disability; or

(ii) if the Executive is unable, due to any physical or mental illness or injury, substantially to perform his duties hereunder for more than 180 days in any 360 day period.

(c) BY THE EXECUTIVE FOR GOOD REASON. The Executive shall have the right to terminate his employment with Langer for "Good Reason." For purposes of this Agreement, "GOOD REASON" shall mean:

(i) Removal from, or failure to be reappointed, elected or reelected to, his position as President and Chief Executive Officer or member of the Board or the failure of

the Company to renew this Agreement at the end of the Term for at least one (1) year (other than for Cause or by reason of the Executive's death or Disability); or

(ii) Material diminution in the Executive's title, position, duties or responsibilities, or the assignment to the Executive of duties that are inconsistent, in a material respect, with the scope of duties and responsibilities associated with the positions specified in this Agreement, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith; or

(iii) Reduction in the Executive's Base Salary or Bonus Opportunity (as defined in Section 4(b)) or any failure by the Board to implement or pay any compensation arrangements (including stock options) contemplated by this Agreement; or

(iv) The breach, failure or refusal of Langer to comply with any of its material obligations under this Agreement, in any case other than an isolated, insubstantial and inadvertent failure;

(v) Failure of Langer to comply with any material regulatory requirement applicable to it including, without limitation, the rules and regulations of the Securities and Exchange Commission, which failure persists for 30 days following written objection by the Executive to the compliance status of Langer, unless such failure is caused by the Executive's acts or his failure to act by virtue of his position as a director and/or officer of Langer;

(vi) Relocation of the offices of Langer without the consent of the Executive to a location other than a location which is (A) in Long Island but no more than fifty miles driving distance east from Executive's current residence; or (B) in New York City (other than Staten Island) or lower Westchester County.

(vii) the failure of Langer to renew this Agreement for a period of at least one (1) year as of the expiration of the Term or any extended term hereof on substantially the same terms as are set forth in this Agreement; or

(viii) The occurrence of a Change of Control (as such term is defined in Section 12(b) herein); PROVIDED, however, that a Change of Control shall be deemed Good Reason only if the Executive delivers to Langer a written notice of resignation (which notice shall not be required to state any reason) during the last 90 days of the 365 day period following the effective date of a Change of Control, which resignation may be effective no earlier than thirty (30) days following delivery thereof, provided that Good Reason shall not exist pursuant to any subsection of this Section (c) unless (A) the Executive shall have delivered to the Board not less than thirty (30) days notice of such failure (10 days in the case of a failure to make payment of Base Salary or a bonus due) that he intends to terminate his employment for Good Reason, which notice shall specify the reasons for termination, and the Board fails to remedy the circumstances giving rise to the Executive's notice within such 30 or 10 day period, as the case may be; or (B) the same failure shall occur within 90 days after a previous such failure for which Executive shall have furnished the notice set forth in clause "(A)" above.

6. PAYMENTS UPON TERMINATION.

(a) DEATH OR DISABILITY. In the event of the termination of the Executive's employment as a result of his death or Disability, Langer shall:

(i) pay to the Executive or his estate, as the case may be, the Base Salary through the date of his death or Disability (pro rated for any partial month);

(ii) pay to the Executive or his estate, as the case may be, any accrued and unpaid Bonus in accordance with Section 4(b);

(iii) treat the Options as set forth in the Stock Option Agreement;

(iv) reimburse the Executive, or his estate, as the case may be, for any expenses reimburseable pursuant to Section 4(d) (the amounts payable pursuant to the foregoing clauses (i), (ii) and this clause (iv) being hereafter referred to as the "ACCRUED OBLIGATIONS");

(v) (A) in the case of Executive's death, (1) pay to Executive's estate, or to the beneficiaries of the \$1,000,000 life insurance policy referred to in Section 4(f), the entire amount of such proceeds; or (2) in the event such insurance is not in force or the proceeds thereof are less than his annual Base Salary then in effect, pay to Executive's estate the excess of such annual Base Salary over such proceeds, in twelve equal monthly payments; and (B) in the event of Executive's disability, pay to him or his representative an amount equal to his annual Base Salary then in effect in twelve equal monthly payments. In any of the foregoing cases,

payment shall made or commence within 30 days after the delivery to Langer of reasonable evidence of the appointment of an executor, administrator or other representative legally authorized to receive such payments.

(vi) provide to the Executive and/or his family, as the case may be, (A) for the first year after the Executive's death or Disability, continued coverage under all welfare benefit plans including medical, accident, life or other disability plans and programs in which the Executive and his family participated immediately prior to his death or Disability, and sharing in the cost of such benefit coverage in the same proportion as was in effect for the Executive immediately prior to his death or Disability and (B) after such one (1) year period, the Executive or his estate, as the case may be, shall be responsible for the full cost of the Executive's COBRA payments.

(b) By Langer for Cause or by the Executive Voluntarily (other than for Good Reason). In the event that the Executive's employment is terminated by Langer for Cause or by the Executive voluntarily (other than for Good Reason), Langer shall (i) pay to the Executive the Accrued Obligations and (ii) treat the Options as set forth in the Stock Option Agreement, and the Executive shall have no further entitlement to any other compensation or benefits from Langer, except as set forth herein. Without limitation of the foregoing, all vested and unvested options held by the Executive shall be cancelled and be of no force or effect. In addition, the Executive shall be deemed to have offered any shares of Common Stock purchased by him pursuant to the Stock Option Agreement to Langer at a price per share equal to the lower of the Exercise Price or the fair market value (as determined pursuant to Section 5 of the 1992 Stock Option Plan of Langer, as amended through November 30, 1999) of the Common Stock at the time of such termination. Langer shall have 30 days from the date of termination to deliver written notice to the Executive electing to purchase such shares.

(c) BY THE EXECUTIVE FOR GOOD REASON OR BY LANGER OTHER THAN FOR CAUSE OR THE EXECUTIVE'S DISABILITY. In the event that the Executive's employment is terminated by the Executive for Good Reason or by Langer other than for Cause or the Executive's Disability, then Langer shall:

(i) pay to the Executive the Accrued Obligations, within fifteen (15) days after termination of his employment;

(ii) treat the Options as set forth in the Stock Option Agreement;

(iii) pay to the Executive the sum of three hundred thousand dollars (\$300,000) over a period of one year in equal installments in accordance with Langer's payroll practices commencing within fifteen (15) days after termination of his employment; and

(iv) pay to the Executive a lump sum an amount equal to any accrued and unpaid Bonus in accordance with Section 4(b); and

(v) pay or reimburse the Executive for eighteen (18) months after the Executive's termination, for continued coverage under all welfare benefit including medical, accident, life or other disability plans and programs in which the Executive participated immediately prior to his termination, (provided that the Executive will share the cost of such benefit coverage in the same proportion as was in effect for the Executive immediately prior to his termination).

(d) The Executive acknowledges that upon the termination of his employment pursuant to Sections 6(a), 6(b), 6(c) or 12, he shall not be entitled to any payments or benefits that are not explicitly provided herein.

(e) In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. Notwithstanding the foregoing, the Executive will use all commercially reasonable efforts to assist Langer and provide consultation during the one (1) year period following any termination of his employment.

7. COVENANT REGARDING INVENTIONS.

(a) The Executive shall disclose promptly to Langer any and all inventions, discoveries, improvements and patentable or copyrightable works developed, initiated, conceived or made by him, either alone or in conjunction with others, during the Term hereof, all of which shall be considered "work for hire," and he assigns and shall assign, without additional consideration, all of his right, title and interest therein to Langer or its nominee. Whenever requested to do so by Langer, the Executive shall execute any and all applications, assignments or other instruments that Langer shall deem necessary to apply for and obtain letters patent, trademarks or copyrights of the United States or any foreign country, or otherwise protect Langer's interest therein. These obligations shall continue beyond the conclusion of the Term with respect to inventions, discoveries, improvements or copyrightable works made by the Executive during the Term and shall be binding upon the Executive's assigns, executors, administrators and other legal representatives.

(b) Notwithstanding the foregoing, Langer shall not obtain by reason of this Agreement any rights in the patents, inventions or developments created by Executive prior to the date hereof and that are set forth on SCHEDULE A attached hereto.

8. PROTECTION OF CONFIDENTIAL INFORMATION.

As an inducement to Langer to enter into and perform its obligations under this Agreement, the Executive acknowledges that he has been and will be provided with information about, and his employment by Langer will, throughout the Term, bring him into close contact with, many confidential affairs of Langer, including proprietary information about the Business including, without limitation, costs, profits, finances, internal financial statements, projections, markets, sales, customers, advertisers, vendors, products, key personnel, pricing policies, operational methods, technical processes and methods, plans for future developments, software, data bases, computer programs, specifications, documentation, designs, trade secrets, technology, know-how, research and development, inventions, patents and copyrights (and any renewals, reissues, extensions, divisions, continuations and continuations in part thereof and registrations, applications, patents of addition and inventors certificates) and other information not available to the public (collectively "Confidential Information"), all of which are highly confidential and proprietary and all of which were developed by Langer at great effort and expense. The Executive further acknowledges that the services to be performed by him under this Agreement are of a special unique, unusual, extraordinary and intellectual character and that the nature of the relationship of the Executive with Langer is such that the Executive is capable of competing with Langer. In recognition of the foregoing, the Executive covenants and agrees during the Term and thereafter he will:

(a) keep secret all Confidential Information of Langer's Business and not disclose them to anyone outside of Langer, either during or after the Term, except with Langer's prior written consent;

(b) not make use of any of such Confidential Information for his own purposes or the benefit of anyone other than Langer, provided that the confidential matters referred to in clauses (i) and (ii) of this Section 8(a) shall not apply to information that (A) is required to be disclosed by law or by any government, regulatory or self-regulatory agency or body, except with respect to Confidential Information which the Executive is advised in writing by counsel to Langer is not required to be disclosed; or (B) is or becomes generally available to the public other than as a result of the Executive's breach of this Section 8(a), PROVIDED that Executive shall have given Langer prompt notice of any such order or subpoena so that Langer may contest any such production; and

(c) deliver promptly to Langer on termination of this Agreement, or at any time Langer may so request, all Confidential Information, including but not limited to memoranda, notes, records, computer software discs, reports and other confidential documents (and all copies thereof) relating to the Business, that he may then possess or have under his control, except that he may retain personal notes, notebooks, journals and diaries provided that such materials do not contain confidential information.

9. RESTRICTION OF COMPETITION; INTERFERENCE; NON-SOLICITATION.

(a) As an inducement to Langer to enter into and perform its obligations under this Agreement, the Executive covenants and agrees that, during the period of his employment and for a period of one (1) year after the termination of his employment for any reason, neither the Executive nor his affiliates will, directly or indirectly, for their account or on behalf of any other Person (as defined in Section 9(b) below) or as an employer, employee, consultant, manager, agent, broker, contractor, stockholder, director or officer of a corporation, investor, owner, lender, partner, joint venturer, licensor, licensee, sales representative, distributor, or otherwise:

(i) Solicit or engage in any business that engages in the business of Langer (each, a "COMPETITIVE BUSINESS").

(ii) Directly or indirectly for their own account or the benefit of others solicit, hire or retain any employee of Langer or its affiliates or persuade or entice any employee of Langer or its affiliates to leave the employ of Langer or its affiliates.

(iii) Molest or interfere with the goodwill and relationship with any of the customers or suppliers of Langer or its affiliates.

(iv) Persuade, accept, induce or solicit any of the customers, subscribers or accounts of Langer or its affiliates, now existing or hereafter obtained, to engage anyone, other than Langer or its affiliates, to design, manufacture or market foot and gait-related biomechanical products for such customers, subscribers or accounts; or

(v) invest in, lend money or give financial support to any Competitive Business.

(b) The provisions of Section 9(a) shall not be deemed to preclude the Executive from

(i) engagement by an entity some of the activities of which are competitive with a Competitive Business if the Executive's engagement does not, directly or indirectly, relate to, and the Executive is segregated completely from, such Competitive Business; PROVIDED, however, that the Executive shall have advised such entity of the existence of this Agreement and shall have obtained a written acknowledgement from such entity that it is aware of the restrictions on Executive's employment with a Competitive Business and will segregate the Executive from any Competitive Business operated by the entity for the requisite period; and

(ii) nothing contained in this Section 9 shall be deemed to prohibit the Executive from directly acquiring or holding, solely for investment, securities of any entity some

of the activities of which constitute a Competitive Business so long as such securities do not, in the aggregate, constitute more than five percent (5%) of any class or series of outstanding securities of such entity. For the purpose of this Agreement, "PERSON" shall mean any individual, entity or group within meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT").

(c) Notwithstanding the foregoing, if Langer shall fail to make any payment due to the Executive under Section 6(c), which failure shall continue for ten (10) days after delivery to Langer of written notice of non-payment, the restrictions set forth in subsection (a) above shall terminate.

10. SPECIFIC REMEDIES.

It is understood by the Executive and Langer that the covenants contained in this Section 10 and Sections 7, 8 and 9 are essential elements of this Agreement and that, but for the agreement of the Executive to comply with such covenants, Langer would not have agreed to enter into this Agreement. If the Executive commits a material breach of any of the provisions of Sections 7, 8 or 9 hereof, which is not cured or rectified within the time periods set forth in Section 5(a) above, such breach shall be grounds for termination for Cause. In addition, the Executive acknowledges that Langer may have no adequate remedy at law if he violates any of the terms thereof. The Executive therefore understands and agrees that Langer shall have, without prejudice as to any other remedies, the right upon application to any court of proper jurisdiction and without posting of any bond or other security whatsoever, to a temporary restraining order, preliminary injunction, injunction, specific performance or other equitable relief, it being acknowledged and agreed that any such breach will cause irreparable injury to Langer and that money damages will not provide an adequate remedy to Langer.

11. ACKNOWLEDGEMENTS OF THE EXECUTIVE AND LANGER.

(a) The Executive represents that (i) he has the right to enter into this Agreement and this Agreement constitutes a valid and binding obligation enforceable in accordance with its terms (ii) his execution and delivery of this Agreement by him, and the performance of his obligations hereunder are not in violation of, and do not conflict with or constitute a default under any agreement by which he is bound or any order, decree or judgment to which he is subject; and (iii) the provisions of Section 7, 8 and 9 will not impose a hardship, financial or otherwise, on the Executive nor prevent him from being gainfully employed.

(b) Langer represents that (i) it has all requisite corporate power and authority to enter into and perform its obligations under this Agreement, (ii) the execution and delivery of this Agreement by Langer and the performance by Langer of the transactions contemplated herein have been duly and validly authorized by all necessary corporate action, (iii) this Agreement is a legal, valid and binding obligation of Langer and (iv) the execution and delivery

of this Agreement by Langer and the performance of its obligations hereunder are not in violation of, and do not conflict with or constitute a default under any agreement by which Langer is bound or any order, decree or judgment to which Langer is subject.

12. CHANGE OF CONTROL.

(a) If the Executive elects to terminate his employment pursuant to Section 6(c)(viii), Langer shall pay the Executive the amounts provided under Section 6(c) of this Agreement. Such amount shall be payable by Langer to the Executive as provided in Section 6(c). The Executive shall be responsible for payment of all income or excise taxes which may be imposed on the Executive as a result of the characterization of any such payments by the Internal Revenue Service upon audit of his tax returns as "excess parachute payments," as such phrase is defined in Section 280G of the Code.

(b) For the purpose of this Agreement, a "CHANGE OF CONTROL" shall be deemed to have occurred if (i) any Person (other than (A) the Company or any subsidiary, (B) any pension, profit sharing, employee stock ownership or other employee benefit plan of the Company or any subsidiary or any trustee of or fiduciary with respect to any such plan when acting in such capacity or (C) any Person who is directly or indirectly controlled by Warren Kanders or the Executive) is or becomes, after the date of this Agreement, the beneficial owner of 50.1% or more of the total voting power of the voting securities of Langer, (ii) during any period of up to two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election or appointment by the Board of Directors or nomination or recommendation for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) a merger or consolidation of the Company is consummated with any other entity, (other than a merger or consolidation with an entity which is directly or indirectly controlled by Warren Kanders or the Executive or which would result in the Voting Shares of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50.1% of the total voting power represented by the voting securities of the Company or such surviving entity outstanding), or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or a majority of the Company's operating assets.

13. Deleted

14. NOTICES.

Any notice or other communications required or permitted hereunder shall be in writing and shall be deemed effective (a) upon personal delivery, if delivered by hand, (b) upon receipt of electronic confirmation, if sent by facsimile transmission, (c) three (3) days after the date of deposit in the mails, if mailed by certified or registered mail (return receipt requested), or (c) on the next business day, if mailed by an overnight mail service to the parties,

if to Langer:

The Langer Biomechanics Group, Inc.
450 Commack Road
Deer Park, NY 11729
Attn.: Burt Ehrlich
Facsimile: (516) 631-667-1203

if to the Executive:

Mr. Andrew H. Meyers
31 The Birches
Roslyn Estates, NY 11576
Facsimile: 516-484-0312

Copies of all notices to Langer or the Executive under this Agreement shall be sent to:

Herrick, Feinstein LLP
2 Park Avenue
New York, NY 10016
Attn: Lawrence M. Levinson, Esq.
Facsimile: (212) 592-1500

or at such other address or facsimile number as either party may from time to time specify to the other.

15. MISCELLANEOUS.

(a) SUCCESSORS; BINDING EFFECT; THIRD PARTY BENEFICIARIES.

In the event of a future disposition by Langer (whether direct or indirect, by sale of assets or stock, merger, consolidation or otherwise) of all or substantially all of its business and/or assets, Langer will require any successor, by agreement in form and substance reasonably satisfactory to the Executive or by operation of law, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Langer would be required to perform if no such disposition had taken place. As used in this Agreement, "Langer" shall mean Langer as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

This Agreement is personal to the Executive and, without the prior written consent of Langer, shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution with respect to the Executive's rights, if any, to be paid or receive benefits hereunder. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. Except for the foregoing, this Agreement shall not create any

rights in favor of any party other than the parties hereto or their respective successors and assigns.

(b) LAW GOVERNING; JURISDICTION. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to the principles of conflicts of law). Langer and the Executive each agrees that the federal or state courts located in the State of New York shall have exclusive jurisdiction in connection with any dispute arising out of this Agreement. Any litigation proceeding under this Agreement shall be confidential in nature to the fullest extent permitted by applicable law.

(c) SEVERABILITY. If any provision of this Agreement, or any part of any of them, is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of the covenants or rights or remedies which shall be given full effect without regard to the invalid portions. If any of the covenants set forth herein is held to be invalid or unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision and in its reduced form said provision shall then be enforceable.

(d) HEADINGS. The headings of this Agreement are for convenience of reference only and shall not affect in any manner any of the terms and conditions hereof.

(e) ACTS AND DOCUMENTS. The parties agree to do, sign and execute all acts, deeds, documents and corporate proceedings necessary or desirable to give full force and effect to this Agreement.

(f) COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

(g) MODIFICATIONS AND WAIVERS. No term, provision or condition of this Agreement may be modified or discharged unless such modification or discharge is authorized by the Board and is agreed to in writing and signed by the Executive. No waiver by either party hereto of any breach by the other party hereto of any term, provision or condition of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(h) ENTIRE AGREEMENT. This Agreement, together with the other Executive Agreements, constitute the entire agreement between the parties with respect to the subject matter herein and supersedes all prior agreements, negotiations and discussions between the parties hereto, there being no extraneous agreements. This Agreement may be amended only in writing executed by the parties hereto affected by such amendment.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first set forth above.

EXECUTIVE

/s/ Andrew H. Meyers

Andrew H. Meyers

THE LANGER BIOMECHANICS GROUP, INC.

By: /s/ Stephen V. Ardia

Name: Stephen V. Ardia
Title: Chairman of the Board

SCHEDULE A

PRIOR INVENTIONS

1. Light weight, compact orthotic device for controlling knee instability
- Patent # 4,802,466
2. Orthotic device for controlling knee instability - Patent # 4,803,975
3. Knee joint hinge for brace Patent # 5,286,250
4. Shoulder pad brace - Patent # 4,654,893

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EXHIBIT A

STOCK OPTION AGREEMENT

19

</TEXT>
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EXECUTIVE EMPLOYMENT AGREEMENT

AGREEMENT, dated as of the 28th day of December, 2000 by and between THE LANGER BIOMECHANICS GROUP, INC., a New York corporation with offices at 450 Commack Road, Deer Park, NY 11729 ("Langer"), and STEVEN GOLDSTEIN, residing at 14 Vanad Drive, East Hills, New York 11576 (the "Executive").

WHEREAS Langer shares of common stock are currently the subject of a tender offer for up to 75% of Langer's common stock (the "Tender Offer"), which Tender Offer is supported by Langer's management and Board Of Directors

WHEREAS, Langer is desirous of employing the Executive as a Vice President of Langer, and the Executive is desirous of serving Langer in such capacities, all upon the terms and subject to the conditions hereinafter provided;

WHEREAS in order to assist Langer in its management transition the Executive is willing to commence his employment as of the date hereof pursuant to the terms of this Agreement, provided that if, for any reason, the Tender offer is not consummated prior to February 28, 2001 (the date the Tender Offer is consummated being hereafter referred to as the "TENDER OFFER CONSUMMATION DATE"), the Company shall have the right to terminate this Agreement and without payment of any kind to Executive;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto, intending to be legally bound, agree as follows:

1. EMPLOYMENT.

Langer agrees to employ the Executive, and the Executive agrees to be employed by Langer, upon the terms and subject to the conditions of this Agreement.

2. TERM.

The term of the Executive's employment under this Agreement shall commence on the date hereof and shall continue through December 31, 2003 (the "INITIAL TERM"), unless earlier terminated as hereinafter provided. The Executive's employment shall continue after the Initial Term on a year-to-year basis (each, an "Additional Term" and, together with the Initial Term, the "Term") unless either the Executive or Langer gives written notice to the other not later than ninety (90) days prior to the expiration of the Initial Term or any such Additional Term, as the case may be, of the decision not to extend the Executive's employment.

3. DUTIES; EFFORTS.

(a) Effective on the date hereof, the Employee shall serve as an unpaid employee of the Company performing such duties as may be presented by the officers of Langer. Effective upon the Tender Offer Consummation date, the Executive shall serve as Vice President

of Langer. After the Tender Offer Consummation Date, the Executive shall have such duties as are customarily performed by the most senior Vice President and also have such other powers and duties as may be, from time to time, prescribed by the President and Chief Executive Officer of Langer, provided that the nature of the Executive's powers and duties so prescribed shall not be inconsistent with the Executive's position and duties hereunder. The Executive shall report directly to the President and Chief Executive Officer.

(b) The Executive shall devote all of his business time, attention and energies to the business and affairs of Langer and its affiliated corporations, shall use his best efforts to advance the best interests of Langer; provided, however, that, it shall not be a violation of this Agreement for the Executive to (i) subject to approval by Langer's Board of Directors (the "Board") serve on professional, industry, civic or charitable boards, committees or organizations, (ii) manage passive personal investments, and (iii) attend professional educational seminars referred to in Section 4(g) below, so long as any such activities do not interfere with the performance of the Executive's responsibilities as an employee of Langer in accordance with this Agreement.

(c) The Executive's principal office location will be at Langer's executive office at 450 Commack Road, Deer Park, NY.

4. COMPENSATION AND BENEFITS.

(a) BASE SALARY. Commencing on the Tender Offer Consummation Date, Langer shall pay to the Executive a base salary (the "BASE SALARY") of (i) \$140,000 for the first year of the Initial Term, (ii) \$155,000 for the second year of the Initial Term, and (iii) \$165,000 for the third year of the Initial Term. Base salary shall be paid in accordance with Langer's payroll practices for its executive employees; provided, however, that if the Tender Offer Consummation Date does not occur on or before February 28, 2001, the Executive shall waive any payment of compensation under this Agreement unless the Board of Directors shall within five (5) business day thereafter reaffirm its obligations under this Agreement notwithstanding that such Tender Offer Consummation Date has not occurred.

(b) BONUS PROGRAMS.

(i) SIGNING BONUS. In consideration for the Executive entering into this Agreement, Langer shall pay the Executive a cash signing bonus in the aggregate amount of \$50,000, of which \$30,000 shall be paid on the date immediately following the Tender Offer Consummation Date and \$20,000 shall be paid on the first anniversary of the Tender Offer Consummation Date; PROVIDED that the Executive has not voluntarily terminated this Agreement without "Good Reason" or that Langer has not terminated the Agreement for Cause, in which event the second installment shall not be paid and the first installment shall be promptly refunded by the Executive to Langer. In the event the Executive voluntarily terminates his employment without Good Reason or if Langer terminates the Executive for Cause prior to the second anniversary date of this Agreement, Executive shall refund the first and second installments of the Signing Bonus in full.

(ii) ANNUAL BONUS. The Executive shall be eligible to receive, with respect to each calendar year, a cash bonus (the "Bonus"), in addition to and separate from the Executive's Base Salary, pursuant to a bonus program to be developed for Langer's executive employees. The First such bonus shall be based on the calendar year commencing January 1, 2001. Notwithstanding the foregoing, and provided that the Tender Offer Consummation Date shall have occurred, the Executive shall be paid a minimum bonus for each of 2001, 2002 and 2003 in the amount of \$10,000. In the event that the Executive dies, becomes disabled, is terminated by the Company without Cause or terminates his employment for Good Reason, a pro rata portion of such minimum bonus shall be paid within ten (10) days after the Executive's termination date.

(c) STOCK OPTIONS. In addition to the Executive's Base Salary and Bonus, upon approval by Langer's Board of Directors of this Agreement, Langer shall grant to the Executive, as of the date thereof, options to purchase 80,000 shares of its common stock under Langer's 1992 Stock Option Plan (the "OPTION PLAN"), at an exercise price of \$1.525 per share. The Options shall be issued pursuant to a stock option agreement attached hereto as EXHIBIT A ("STOCK OPTION AGREEMENT"), and are intended to be incentive stock options under the Internal Revenue Code of 1986, as amended ("Code"). Of the foregoing, and subject to acceleration or termination under certain circumstances as further provided below, or in the Stock Option Agreement representing such Options, Options for 26,666 shares shall vest on each of the first and second anniversary dates of the Stock Option Agreement and Options for 26,667 shares shall vest on the third anniversary date of the Stock Option Agreement. Notwithstanding the foregoing, the Options shall terminate immediately, and no portion of the Options shall be deemed to have vested, if the Tender Offer Consummation Date does not occur on or before February 28, 2001 unless the Board of Directors shall within five (5) business day thereafter reaffirm its obligations under this Agreement notwithstanding that such Tender Offer Consummation Date has not occurred.

(d) OUT-OF-POCKET EXPENSES. Langer shall promptly pay to the Executive the reasonable expenses incurred by him in the performance of his duties hereunder, including, without limitation, those incurred in connection with business related travel or entertainment, or, if such expenses are paid directly by the Executive, shall promptly reimburse him for such payment, provided that the Executive properly accounts therefor and submits appropriate receipts therefor in accordance with Langer's expense policy.

(e) PARTICIPATION IN BENEFIT PLANS. The Executive, subject to the terms, conditions and eligibility requirements applied generally, shall be entitled to participate in or receive benefits under any pension plan, health and accident plan or any other employee benefit plan or arrangement made available now or in the future by Langer to its employees and senior executives including, without limitation, 401(k) plans, medical, dental, life and disability plans of Langer. Nothing herein shall be deemed to require the Company to establish or retain any such plans.

(f) VACATION. The Executive shall be entitled to four (4) weeks of paid vacation in each calendar year (pro rated for the number of days in any such year during which he is so employed) and to all paid holidays given by Langer to its employees. No more than two

consecutive weeks of vacation shall be taken at any one time without the approval of the Compensation Committee, and the Executive shall schedule vacations in a manner consistent with Langer's seasonal or other significant business requirements.

5. TERMINATION AND TERMINATION PAYMENTS.

The Executive's employment hereunder shall terminate upon the Executive's death or the Executive's voluntarily leaving the employ of Langer (other than for "Good Reason" (as defined in Section 5(c)), and may be terminated as follows:

(a) FOR CAUSE. Langer shall have the right to terminate the Executive's employment for "Cause," and, subject to Langer's obligations under Section 6(c), without Cause. A termination for "CAUSE" is a termination by the Chief Executive Officer or by the Board,

(i) in its sole and absolute discretion, and without fault on the part of the Executive, in the event that the Tender Offer Consummation Date does not occur on or before February 28, 2001, or

(ii) if the Chief Executive Officer or the Board makes a finding that the Executive has:

(A) breached, failed or refused to comply with any of the material terms of this Agreement (which shall include Section 4(d)), for reasons other than Good Reason or Disability; or

(B) refused, neglected or failed to perform his material duties under this Agreement, for reasons other than Good Reason or Disability; or

(C) willfully or intentionally failed to carry out, in any material respect, instructions of the Chief Executive Officer or the Board which are not inconsistent with his position; or

(D) been convicted of or admitted to (including NOLO CONTENDERE) any act of fraud, larceny, misappropriation of funds or embezzlement or to or of a crime other than traffic offenses; or

(E) has committed an act constituting sexual harassment or employment discrimination, or

(F) repeatedly engaged in substance abuse,
PROVIDED, however, that

(1) the case of clauses (A), (B) and (C) above, provided the Executive shall have received written notice at least 30 days prior to such termination specifying the actions constituting Cause, during which period he shall have the opportunity to cure such conduct; and

(2) in the case of paragraphs (D), (E), and (F) above the Chief Executive Officer or the Board may terminate the Executive immediately upon delivery of a notice of termination.

(b) UPON DEATH OR FOR DISABILITY. The Executive's employment with Langer shall immediately terminate upon his death without any further action. Langer shall have the right to terminate the Executive's employment immediately upon delivery of notice to the Executive as a result of the Executive's Disability. For purposes of this Agreement, a "DISABILITY" shall be deemed to have occurred

(i) if (A) the Executive has been unable due to any physical or mental illness or injury substantially to perform his duties hereunder for at least 60 consecutive days (exclusive of any vacation permitted under Section 4(f) hereof), (B) the Company delivers a written notice to the Executive ("DISABILITY NOTICE") following such period stating that the Board intends to terminate the Executive by reason of Disability but no earlier than the 90th day following the onset of such Disability, and (C) the Executive in fact fails to resume his fulltime employment with Langer on or before the 90th day following the onset of such Disability; or

(ii) if the Executive is unable, due to any physical or mental illness or injury, substantially to perform his duties hereunder for more than 120 days in any 360 day period.

(c) BY THE EXECUTIVE FOR GOOD REASON. The Executive shall have the right to terminate his employment with Langer for "Good Reason." For purposes of this Agreement, "GOOD REASON" shall mean:

(i) Removal from his position as Vice President (other than for Cause or by reason of the Executive's death or Disability); or the failure of the Company to renew this Agreement at the end of the Term for at least one (1) year, (other than for Cause or by reason of the Executive's death or disability).

(ii) Material diminution in the Executive's title, position, duties or responsibilities, or the assignment to the Executive of duties that are inconsistent, in a material respect, with the scope of duties and responsibilities associated with the position specified in this Agreement, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith;

(iii) Reduction in the Executive's Base Salary or failure to implement or pay any compensation arrangements (including stock options) contemplated by this Agreement; or

(iv) The breach, failure or refusal of Langer to comply with any of its material obligations under this Agreement, in any case other than an isolated, insubstantial and inadvertent failure not cured by the Company within thirty (30) days after receiving written notice from the Executive setting forth the nature of such breach.

6. PAYMENTS UPON TERMINATION.

(a) DEATH OR DISABILITY. In the event of the termination of the Executive's employment as a result of his death or Disability on or after the Tender Offer Consummation Date, Langer shall:

(i) pay to the Executive or his estate, as the case may be, the Base Salary through the date of his death or Disability (pro rated for any partial month);

(ii) pay to the Executive or his estate, as the case may be, any accrued and unpaid Bonus in accordance with Section 4(b) plus the pro rated portion of any guaranteed bonus for the year of termination;

(iii) treat the Options as set forth in the Stock Option Agreement;

(iv) reimburse the Executive, or his estate, as the case may be, for any expenses reimbursable pursuant to Section 4(d) (the amounts payable pursuant to the foregoing clauses (i), (ii) and this clause (iv) being hereafter referred to as the "ACCRUED OBLIGATIONS"); and

(v) provide to the Executive and/or his family, as the case may be, (A) for the first year after the Executive's death or Disability, continued coverage under all welfare benefit plans including medical, accident, life or other disability plans and programs in which the Executive and his family participated immediately prior to his death or Disability to the extent such plans are maintained by the Company, and sharing in the cost of such benefit coverage in the same proportion as was in effect for the Executive immediately prior to his death or Disability and (B) after such one (1) year period, the Executive or his estate, as the case may be, shall be responsible for the full cost of the Executive's COBRA coverage.

(b) BY LANGER FOR CAUSE OR BY THE EXECUTIVE VOLUNTARILY (OTHER THAN FOR GOOD REASON). In the event that the Executive's employment is terminated by Langer for Cause or by the Executive voluntarily (other than for Good Reason), Langer shall (i) pay to the Executive the Accrued Obligations and (ii) treat the Options as set forth in the respective Stock Option Agreement, and the Executive shall have no further entitlement to any other compensation or benefits from Langer. Without limitation of the foregoing, all vested and unvested options held by the Executive shall be cancelled and of no effect. In addition, the Executive shall be deemed to have offered any shares of Common Stock purchased by him pursuant to the Stock Option Agreement to Langer at a price per share equal to the lower of the Exercise Price or the fair market value (as determined pursuant to Section 5 of the 1992 Stock Option Plan of Langer, as amended through November 30, 1999) of the Common Stock at the time of such termination. Langer shall have 30 days from the date of termination to deliver written notice to the Executive electing to purchase such shares.

(c) BY THE EXECUTIVE FOR GOOD REASON OR BY LANGER OTHER THAN FOR CAUSE OR THE EXECUTIVE'S DISABILITY. In the event that on or after the Tender Offer Consummation Date the Executive's employment is terminated by the Executive for Good Reason or by Langer other than for Cause or the Executive's Disability, then Langer shall:

- (i) pay to the Executive the Accrued Obligations, within fifteen (15) days of termination of his employment;
 - (ii) treat the Options as set forth in the Stock Option Agreement;
 - (iii) continue to pay Executive for a period of twelve (12) months his Base Salary in effect on the date of termination;
 - (iv) pay to the Executive a lump sum in an amount equal to (A) any accrued and unpaid Bonus in accordance with Section 4(b) plus the pro rated portion of any guaranteed bonus for the year of termination; and
 - (v) pay or reimburse the Executive for twelve (12) months after the Executive's termination, for continued coverage under all welfare benefit including medical, accident, life or other disability plans and programs in which the Executive participated immediately prior to his termination, (provided that the Executive will share the cost of such benefit coverage in the same proportion as was in effect for the Executive immediately prior to his termination).
- (d) The Executive acknowledges that upon the termination of his employment pursuant to Sections 6(a), 6(b) or 6(c), he shall not be entitled to any payments or benefits that are not explicitly provided herein.

7. COVENANT REGARDING INVENTIONS.

The Executive shall disclose promptly to Langer any and all inventions, discoveries, improvements and patentable or copyrightable works developed, initiated, conceived or made by him, either alone or in conjunction with others, during the Term hereof, all of which shall be considered "work for hire," and he assigns and shall assign, without additional consideration, all of his right, title and interest therein to Langer or its nominee. Whenever requested to do so by Langer, the Executive shall execute any and all applications, assignments or other instruments that Langer shall deem necessary to apply for and obtain letters patent, trademarks or copyrights of the United States or any foreign country, or otherwise protect Langer's interest therein. These obligations shall continue beyond the conclusion of the Term with respect to inventions, discoveries, improvements or copyrightable works made by the Executive during the Term and shall be binding upon the Executive's assigns, executors, administrators and other legal representatives.

8. PROTECTION OF CONFIDENTIAL INFORMATION.

As an inducement to Langer to enter into and perform its obligations under this Agreement, the Executive acknowledges that he has been and will be provided with information about, and his employment by Langer will, throughout the Term, bring him into close contact with, many confidential affairs of Langer, including proprietary information about the Business including, without limitation, costs, profits, finances, internal financial statements, projections,

markets, sales, customers, advertisers, vendors, products, key personnel, pricing policies, operational methods, technical processes and methods, plans for future developments, software, data bases, computer programs, specifications, documentation, designs, trade secrets, technology, know-how, research and development, inventions, patents and copyrights (and any renewals, reissues, extensions, divisions, continuations and continuations in part thereof and registrations, applications, patents of addition and inventors certificates) and other information not available to the public (collectively "Confidential Information"), all of which are highly confidential and proprietary and all of which were developed by Langer at great effort and expense. The Executive further acknowledges that the services to be performed by him under this Agreement are of a special unique, unusual, extraordinary and intellectual character and that the nature of the relationship of the Executive with Langer is such that the Executive is capable of competing with Langer. In recognition of the foregoing, the Executive covenants and agrees during the Term and thereafter he will:

(a) keep secret all Confidential Information of Langer's Business and not disclose them to anyone outside of Langer, either during or after the Term, except with Langer's prior written consent;

(b) not make use of any of such confidential matters for his own purposes or the benefit of anyone other than Langer, provided that the confidential matters referred to in clauses (i) and (ii) of this Section 8(a) shall not apply to information that (A) is required to be disclosed by law or by any government, regulatory or self-regulatory agency or body, except with respect to Confidential Information which the Executive is advised in writing by counsel to Langer is not required to be disclosed; or (B) is or becomes generally available to the public other than as a result of the Executive's breach of this Section 8(a); PROVIDED that Executive shall have given Langer prompt notice of any such order or subpoena so that Langer may contest any such production; and

(c) deliver promptly to Langer on termination of this Agreement, or at any time Langer may so request, all Confidential Information, including but not limited to memoranda, notes, records, computer software discs, reports and other confidential documents (and all copies thereof) relating to the Business, that he may then possess or have under his control, except that he may retain personal notes, notebooks, journals and diaries provided that such materials do not contain confidential information.

9. RESTRICTION OF COMPETITION; INTERFERENCE; NON-SOLICITATION.

(a) As an inducement to Langer to enter into and perform its obligations under this Agreement, the Executive covenants and agrees that, during the period of his employment and, provided that the Tender Offer Consummation Date shall have occurred, for a period of one (1) year after the termination of his employment for any reason, neither the Executive nor his affiliates will, directly or indirectly, for their account or on behalf of any other Person (as defined in Section 9(b) below) or as an employer, employee, consultant, manager, agent, broker, contractor, stockholder, director or officer of a corporation, investor, owner, lender, partner, joint venturer, licensor, licensee, sales representative, distributor, or otherwise:

(i) Solicit or engage in any business that engages in the business of Langer (each, a "COMPETITIVE BUSINESS").

(ii) Directly or indirectly for his own account or the benefit of others solicit, hire or retain any employee of Langer or its affiliates or persuade or entice any employee of Langer or its affiliates to leave the employ of Langer or its affiliates.

(iii) Molest or interfere with the goodwill and relationship with any of the customers or suppliers of Langer or its affiliates.

(iv) Persuade, accept, induce or solicit any of the customers, subscribers or accounts of Langer or its affiliates, now existing or hereafter obtained, to engage anyone, other than Langer or its affiliates, to design, manufacture or market foot and gait-related biomechanical products for such customers, subscribers or accounts; or

(v) invest in, lend money or give financial support to any Competitive Business.

(b) Nothing contained in this Section 9 shall be deemed to prohibit the Executive from directly acquiring or holding, solely for investment, securities of any entity some of the activities of which constitute a Competitive Business so long as such securities do not, in the aggregate, constitute more than five percent (5%) of any class or series of outstanding securities of such entity. For the purpose of this Agreement, "PERSON " shall mean any individual, entity or group within meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT").

(c) Notwithstanding the foregoing, if Langer shall fail to make any payment due to the Executive under Section 6(c) which failure shall continue for ten (10) days after delivery to Langer of written notice of non-payment, the restrictions set forth in subsection (a) above shall terminate.

10. SPECIFIC REMEDIES.

It is understood by the Executive and Langer that the covenants contained in this Section 10 and Sections 7, 8 and 9 are essential elements of this Agreement and that, but for the agreement of the Executive to comply with such covenants, Langer would not have agreed to enter into this Agreement. If the Executive commits a material breach of any of the provisions of Sections 7, 8 or 9 hereof, which is not cured or rectified within the time periods set forth in Section 5(a) above, such breach shall be grounds for termination for Cause. In addition, the Executive acknowledges that Langer may have no adequate remedy at law if he violates any of the terms thereof. The Executive therefore understands and agrees that Langer shall have, without prejudice as to any other remedies, the right upon application to any court of proper jurisdiction and without posting of any bond or other security whatsoever, to a temporary restraining order, preliminary injunction, injunction, specific performance or other equitable relief, it being acknowledged and agreed that any such breach will cause irreparable injury to Langer and that money damages will not provide an adequate remedy to Langer.

11. ACKNOWLEDGMENTS OF THE EXECUTIVE AND LANGER.

(a) The Executive represents that (i) he has the right to enter into this Agreement and this Agreement constitutes a valid and binding obligation enforceable in accordance with its terms (ii) his execution and delivery of this Agreement, and the performance of his obligations hereunder are not in violation of, and do not conflict with or constitute a default under any agreement by which he is bound or any order, decree or judgment to which he is subject; and (iii) the provisions of Section 7, 8 and 9 will not impose a hardship, financial or otherwise, on the Executive nor prevent him from being gainfully employed.

(b) Langer represents that (i) it has all requisite corporate power and authority to enter into and perform its obligations under this Agreement, (ii) the execution and delivery of this Agreement by Langer and the performance by Langer of the transactions contemplated herein have been duly and validly authorized by all necessary corporate actions, (iii) this Agreement is a legal, valid and binding obligation of Langer and (iv) the execution and delivery of this Agreement by Langer and the performance of its obligations hereunder are not in violation of, and do not conflict with or constitute a default under any agreement by which Langer is bound or any order, decree or judgment to which Langer is subject.

12. NOTICES.

Any notice or other communications required or permitted hereunder shall be in writing and shall be deemed effective (a) upon personal delivery, if delivered by hand, (b) upon receipt of electronic confirmation, if sent by facsimile transmission, (c) three (3) days after the date of deposit in the mails, if mailed by certified or registered mail (return receipt requested), or (c) on the next business day, if mailed by an overnight mail service. to the parties,

IF TO LANGER :

The Langer Biomechanics Group, Inc.
450 Commack Road
Deer Park, NY 11729
Attn.: Mr. Andrew Meyers
Facsimile: (631) 667-1203

IF TO THE EXECUTIVE:

Mr. Steven Goldstein
14 Vanad Drive
East Hills, New York 11576
Facsimile: (516) 626-2834

Copies of all notices to Langer or the Executive under this Agreement shall be sent to:

Herrick, Feinstein LLP
2 Park Avenue
New York, NY 10016
Attn: Lawrence M. Levinson, Esq.
Facsimile: (212) 592-1500

and: Kane Kessler, P.C.
1350 Avenue of the Americas
New York, New York 10019-4896
Attn: Robert L. Lawrence, Esq.
Facsimile: (212) 245-3009

or at such other address or facsimile number as either party may from time to time specify to the other.

13. MISCELLANEOUS.

(a) SUCCESSORS; BINDING EFFECT; THIRD PARTY BENEFICIARIES. In the event of a future disposition by Langer (whether direct or indirect, by sale of assets or stock, merger, consolidation or otherwise) of all or substantially all of its business and/or assets, Langer will require any successor, by agreement in form and substance reasonably satisfactory to the Executive or by operation of law, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Langer would be required to perform if no such disposition had taken place. As used in this Agreement, "Langer" shall mean Langer as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

This Agreement is personal to the Executive and, without the prior written consent of Langer, shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution with respect to the Executive's rights, if any, to be paid or receive benefits hereunder. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. Except for the foregoing, this Agreement shall not create any rights in favor of any party other than the parties hereto or their respective successors and assigns.

(b) LAW GOVERNING; JURISDICTION. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to the principles of conflicts of law). Langer and the Executive each agrees that the federal or state courts located in the State of New York shall have exclusive jurisdiction in connection with any dispute arising out of this Agreement. Any litigation proceeding under this Agreement shall be confidential in nature to the fullest extent permitted by applicable law.

(c) SEVERABILITY. If any provision of this Agreement, or any part of any of them, is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of the covenants or rights or remedies which shall be given full effect without regard to the invalid portions. If any of the covenants set forth herein is held to be invalid or unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision and in its reduced form said provision shall then be enforceable.

(d) HEADINGS. The headings of this Agreement are for convenience of reference only and shall not affect in any manner any of the terms and conditions hereof.

(e) ACTS AND DOCUMENTS. The parties agree to do, sign and execute all acts, deeds, documents and corporate proceedings necessary or desirable to give full force and effect to this Agreement.

(f) COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

(g) MODIFICATIONS AND WAIVERS. No term, provision or condition of this Agreement may be modified or discharged unless such modification or discharge is authorized by the Board and is agreed to in writing and signed by the Executive. No waiver by either party hereto of any breach by the other party hereto of any term, provision or condition of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(h) ENTIRE AGREEMENT. This Agreement, together with the other Executive Agreements, constitute the entire agreement between the parties with respect to the subject matter herein and supersedes all prior agreements, negotiations and discussions between the parties hereto, there being no extraneous agreements. This Agreement may be amended only in writing executed by the parties hereto affected by such amendment.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first set forth above.

EXECUTIVE

/s/ Steven Goldstein

Steven Goldstein

THE LANGER BIOMECHANICS GROUP, INC.

By: /s/ Thomas G. Archbold

Name: Thomas G. Archbold
Title: VP - Finance

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STOCK OPTION AGREEMENT

AGREEMENT made as of this 28th day of December 2000 by and between THE LANGER BIOMECHANICS GROUP, INC., a New York corporation (the "COMPANY"), and ANDREW H. MEYERS (the "OPTIONEE").

WHEREAS, the Optionee has on this date become employed by the Company and is expected to provide valuable services to the Company; and

WHEREAS, the Company desires to reward such services and encourage the Optionee's continued dedication and to afford the Optionee the opportunity to acquire stock ownership in, or otherwise share in the appreciation of the stock of, the Company so that the Optionee may have a direct proprietary interest in the Company's success.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. GRANT OF OPTION. (a) Upon the terms and subject to the conditions set forth herein, the Company hereby grants to the Optionee, during the period commencing on the date of this Agreement and, unless earlier terminated pursuant to Section 5 or Section 6 hereof, ending ten (10) years from the date hereof (the "EXPIRATION DATE"), the right and option (the "OPTIONS") to purchase from the Company, at a price of \$1.525 per share, 175,000 shares of the Company's Common Stock, par value \$.02 per share (the "COMMON STOCK"), pursuant to the Company's 1992 Stock Option Plan, as amended (the "1992 PLAN"). Notwithstanding the foregoing, if the Optionee has not taken the office of President of the Company on or before March 31, 2001, then the Options shall terminate on such date, and the Optionee shall have no further rights under this Agreement. The Options are intended to qualify under Section 422 of the United States Internal Revenue Code of 1986, as amended (the "CODE"), as an incentive stock option.

(b) Nothing in this Agreement shall confer upon the Optionee any right to continue in the employ of the Company or interfere in any way with the right of the Company to terminate or otherwise modify the terms of the Optionee's employment.

2. VESTING AND EXERCISE OF OPTIONS. The Options shall vest (subject to acceleration and termination under the provisions hereof) in three installments as follows: options as to 58,333 shares shall vest on each of December 31, 2001 and December 31, 2002 and Options for 58,334 shares shall vest on December 31, 2003.

3. METHOD OF EXERCISING OPTIONS. The Optionee may exercise the Options by delivering to the Company (i) a written notice stating the number of shares of Common Stock that the Optionee has elected to purchase at that time from the Company and (ii) full payment of the purchase price of the shares of Common Stock then to be purchased.

Payment of the exercise price for the shares of Common Stock upon any exercise of the Options may be made by check payable to the order of the Company; provided, however, that in

Payment of the exercise price for the shares of Common Stock upon any exercise of the Options may be made by check payable to the order of the Company; provided, however, that in the event that the Optionee enters into an Employment Agreement with the Company and Optionee's employment is terminated without Cause or the Optionee terminates his employment for Good Reason (as and if such capitalized terms are defined in his Employment Agreement with the Company), subject to Sections 5 and 6 hereof, the Optionee shall have the right to pay the exercise price for the shares of Common Stock by delivery of shares of Common Stock of the Company or surrender of Options (having a fair market value equal to the purchase price of the Common Stock issuable upon exercise of the Options over the applicable exercise price) duly endorsed in blank or accompanied by appropriate stock powers, together with such amount as the Company shall, in its sole discretion, deem necessary to satisfy any tax withholding obligation or tax arising by reason of the transfer of such shares of Common Stock ("CASHLESS EXERCISE").

In connection with any Cashless Exercise, only full shares of Common Stock of the Company with an aggregate fair market value not exceeding the exercise price will be accepted in payment, and any portion of the exercise price which is in excess of such aggregate fair market value must be paid in cash or by certified or bank cashier's check payable to the order of the Company, it being understood that the Company shall not be required to pay cash in exchange for tendered certificates. If the tendered certificate(s) evidence more shares of Common Stock than are accepted for payment, an appropriate replacement certificate shall be issued to the Optionee for the number of excess shares of Common Stock.

4. ISSUANCE OF COMMON STOCK AND PAYMENT OF CASH UPON EXERCISE OF OPTIONS. As promptly as practicable after receipt of such written notification of the Optionee's election to exercise the Options and full payment of such exercise price and any applicable withholding taxes, the Company shall issue or transfer to the Optionee the number of shares of Common Stock with respect to which the Options have been so exercised and shall deliver to the Optionee a certificate or certificates therefor, registered in the Optionee's name.

5. RETIREMENT, DEATH OR DISABILITY OF THE OPTIONEE. If the employment of the Optionee shall terminate for any reason, other than "Cause" by the Company or voluntarily by the Optionee without "Good Reason" (as such terms are defined in Optionee's Employment Agreement with the Company), the Optionee (or in the case of Optionee's death or disability his executor, administrator or personal representative) shall have the right to exercise the Options which have vested hereunder for the three (3) month period following such termination to the extent that the Options were vested at the date of Retirement or death. Upon a termination by the Company for "Cause", or a voluntary termination by the Optionee without "Good Reason," all vested but unexercised Options and all unvested Options shall, upon such termination, lapse and be of no further effect.

6. ACCELERATION OF VESTING IN CERTAIN CIRCUMSTANCES.
Notwithstanding the vesting provisions of Section 2:

(a) if the Optionee's employment terminates by reason of death or disability, a portion of the Options which would next have vested under the schedule set forth in Section 2 will vest, pro rata in proportion to the number of days in the calendar year expired through the date of

termination and the remaining options shall lapse and be of no further effect; and

(b) if the Optionee is terminated without Cause or voluntarily terminates his employment for Good Reason (as and if said capitalized terms are defined in his Employment Agreement with the Company), all of the Options which are not then vested (or such portion thereof as the Executive may elect) shall vest.

7. SECURITIES MATTERS. (a) Notwithstanding anything herein to the contrary, the Optionee's ability to exercise this Option is subject to timely shareholder approval of the increase in the number of shares of Common Stock underlying the 1992 Plan (the "Increase") approved by the Board of Directors on the date hereof.

(b) The shares of Common Stock issued pursuant to the terms of this Agreement shall represent fully paid and non-assessable shares of Common Stock. The Company represents, warrants and covenants that (i) the Company has previously prepared and filed with the SEC a registration statement on Form S-8 under the Securities Act of 1933, as amended (the "ACT"), registering the sale of shares under the 1992 Plan, which registration is currently effective, (ii) the Company shall as promptly as practicable, after Optionee becomes President of the Company and the Increase is approved by the shareholders of the Company, amend such registration on Form S-8 to include the shares of Common Stock issuable pursuant to the terms of this Agreement, and (iii) the Company shall maintain the effectiveness of the registration statement, as so amended, until all of such Shares may be sold without restriction under the Act.

8. THE OPTIONEE. Whenever in any provision of this Agreement reference is made to the Optionee, under circumstances where such reference should logically be construed to apply to the executors, administrators, personal representatives or a person or persons to whom the Options may be transferred by will or by the laws of descent and distribution, the reference to the Optionee shall be deemed to include such person or persons.

9. NON-TRANSFERABILITY. The Options are not transferable by the Optionee otherwise than by applicable laws of descent and distribution and, except as set forth herein, are exercisable during the Optionee's lifetime only by the Optionee or the legally appointed administrator of his affairs. No assignment or transfer of the Options, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise (except by will or the laws of descent and distribution), shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Options shall terminate and become of no further effect.

10. RIGHTS AS SHAREHOLDER. The Optionee shall have no rights as a shareholder with respect to any share of Common Stock covered by the Options until the Optionee shall have become the holder of record of such share of Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Optionee shall become the holder of record thereof.

11. ADJUSTMENT FOR RECAPITALIZATION, MERGER, ETC. The aggregate number of shares of Common Stock that may be purchased pursuant to the Options, the number of shares of Common

Stock covered by the Options and the price per share shall be appropriately adjusted for any increase or decrease in the number of outstanding shares of Common Stock resulting from a stock split or other subdivision or consolidation of shares of Common Stock or for other capital adjustments or payments of stock dividends or distributions or other increases or decreases in the outstanding shares of Common Stock effected without receipt of consideration by the Company.

In the event of a liquidation of the Company, or a merger, reorganization or consolidation of the Company with any other corporation in which the Company is not the surviving corporation or the Company becomes a wholly owned subsidiary of another corporation, any unexercised Options shall be deemed canceled unless the surviving corporation in any such merger, reorganization or consolidation elects to assume the Options or to issue substitute options in place thereof. Notwithstanding the foregoing, the Company shall deliver written notice to Optionee of its intent to effect such liquidation, merger or consolidation, following which the Optionee shall have the right, exercisable during a ten (10) day period ending on the fifth day prior to such liquidation, merger or consolidation, to exercise the Options in whole or in part. Adjustments under this Section 11 shall be made in a proportionate and equitable manner by the Board of Directors (or Committee), whose determination as to the nature of the adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. In the event that a fraction of a share results from the foregoing adjustment, said fraction shall be eliminated and the price per share of the remaining shares subject to the Options adjusted accordingly.

12. COMPLIANCE WITH LAW. Notwithstanding any of the provisions hereof, except in connection with a Change of Control (as and if such capitalized terms are defined in Optionee's Employment Agreement with the Company) or the dissolution or liquidation of the Company, the Optionee hereby agrees that the Optionee will not exercise the Options, and that the Company will not be obligated to issue or transfer any shares of Common Stock to the Optionee hereunder, if the exercise hereof or the issuance or transfer of such Common Stock shall constitute a violation by the Optionee or the Company of any provisions of any law or regulation of any governmental authority.

13. NOTICE. Any notice or other communications required or permitted hereunder shall be in writing and shall be deemed effective (a) upon personal delivery, if delivered by hand, (b) upon receipt of electronic confirmation, if sent by facsimile transmission, (c) three (3) days after the date of deposit in the mails, if mailed by certified or registered mail (return receipt requested), or (c) on the next business day, if mailed by an overnight mail service to the parties,

if to the Company:

if to the Optionee:

The Langer Biomechanics Group, Inc.
450 Commack Road
Deer Park, NY 11729
Attn.: Chief Financial Officer

Mr. Andrew H. Meyers
31 The Birches
Roslyn Estates, NY 11576

Copies of all notices to the Company or the Optionee under this Agreement shall be sent to:

Herrick, Feinstein LLP
2 Park Avenue
New York, NY 10016
Attn: Lawrence M. Levinson, Esq.
Facsimile: (212) 592-1500

or at such other address or facsimile number as either party may from time to time specify to the other.

14. ENTIRE AGREEMENT. This Agreement sets forth the complete understanding of the Company and the Optionee with respect to the subject matter hereof and supersedes all prior understandings, whether oral or written.

15. CONFLICT WITH 1992 PLAN. This Agreement is subject to all of the terms and provisions of the 1992 Plan and the Optionee shall be entitled, with respect to the Options, to all of the rights and benefits provided by the 1992 Plan. In the event that there is any inconsistency between the provisions of this Agreement and of the 1992 Plan, other than Section 9 hereof, the provisions of the 1992 Plan shall govern.

16. GOVERNING LAW; JURISDICTION. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to the principles of conflicts of law). The Company and the Optionee each agrees that the federal or state courts located in the State of New York shall have exclusive jurisdiction in connection with any dispute arising out of this Agreement.

17. SEVERABILITY. If any provision of this Agreement, or any part of any of them, is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the the remainder of the covenants or rights or remedies which shall be given full effect without regard to the invalid portions. If any of the covenants set forth herein is held to be invalid or unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision and in its reduced form said provision shall then be enforceable.

18. HEADINGS. The headings of this Agreement are for convenience of reference only and shall not affect in any manner any of the terms and conditions hereof.

19. MODIFICATIONS AND WAIVERS. No term, provision or condition of this Agreement may be modified or discharged unless such modification or discharge is authorized by the Board and is agreed to in writing and signed by the parties hereto. No waiver by either party hereto of any breach by the other party hereto of any term, provision or condition of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

20. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

THE LANGER BIOMECHANICS GROUP, INC.

By: /s/ Stephen V. Ardia

Name: Stephen V. Ardia
Title:

/s/ Andrew H. Meyers

Andrew H. Meyers

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STOCK OPTION AGREEMENT

AGREEMENT made as of the 29th day of December, 2000 by and between THE LANGER BIOMECHANICS GROUP, INC., a New York corporation (the "COMPANY") and STEVEN GOLDSTEIN (the "OPTIONEE").

WHEREAS, the Optionee has on this date become an employee of the Company and is expected to provide valuable services to the Company; and

WHEREAS, the Company desires to reward such services and encourage the Optionee's continued dedication and to afford the Optionee the opportunity to acquire stock ownership in, or otherwise share in the appreciation of the stock of, the Company so that the Optionee may have a direct proprietary interest in the Company's success.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. GRANT OF OPTION. (a) Upon the terms and subject to the conditions set forth herein, the Company hereby grants to the Optionee, during the period commencing on the date of this Agreement and, unless earlier terminated pursuant to Section 5 or Section 6 hereof, ending ten (10) years from the date hereof (the "EXPIRATION DATE"), the right and option (the "OPTIONS") to purchase from the Company, at a price of \$1.525 per share, EIGHTY THOUSAND (80,000) shares of the Company's Common Stock, par value \$.02 per share (the "COMMON STOCK"), pursuant to the Company's 1992 Stock Option Plan, as amended (the "1992 PLAN").

(b) The Options granted hereunder are intended to constitute "Incentive Stop Options" as defined in Section 4 of the Plan.

(c) Nothing in this Agreement shall confer upon Optionee any right to continue as an Employee of Company or interfere in any way with the right of the Company to terminate or otherwise modify the terms of Optionee's engagement by the Company subject to the terms of the Company's employment agreement with the Company.

2. VESTING AND EXERCISE OF OPTIONS. The Options shall vest (subject to acceleration and termination under the provisions hereof) in three installments as follows: options as to 26,666 shares shall vest on each of December 31, 2001 and December 31, 2002 and Options for 26,667 shares shall vest on December 31, 2003; provided, however, no further vesting shall occur after the date on which the employee's employment with the Company terminates for any reason.

3. METHOD OF EXERCISING OPTIONS. (a) The Optionee may exercise the Options within the time permitted under the 1992 Plan by delivering to the Company (i) a written notice stating the number of shares of Common Stock that the Optionee has elected to purchase at that time from the Company and (ii) full payment of the purchase price of the shares of Common Stock then to be purchased.

(b) Payment of the exercise price for the shares of Common Stock upon any exercise of the Options may be made by check payable to the order of the Company; provided, however, that in the event that Optionee enters into an Employment Agreement with the Company and the Optionee's employment is terminated without Cause or the Optionee terminates his employment for Good Reason (as and if such capitalized terms are defined in his Employment Agreement with the Company), subject to Sections 5 and 6 hereof the Optionee shall have the right to pay the exercise price for the shares of Common Stock by delivery of shares of Common Stock of the Company or surrender of Options (having a fair market value equal to the purchase price of the Common Stock issuable upon exercise of the Options over the applicable exercise price) duly endorsed in blank or accompanied by appropriate stock powers, together with such amount as the Company shall, in its sole discretion, deem necessary to satisfy any tax withholding obligation or tax arising by reason of the transfer of such shares of Common Stock ("CASHLESS EXERCISE").

(c) In connection with any Cashless Exercise, only full shares of Common Stock of the Company with an aggregate fair market value not exceeding the exercise price will be accepted in payment, and any portion of the exercise price which is in excess of such aggregate fair market value must be paid in cash or by certified or bank cashier's check payable to the order of the Company, it being understood that the Company shall not be required to pay cash in exchange for tendered certificates. If the tendered certificate(s) evidence more shares of Common Stock than are accepted for payment, an appropriate replacement certificate shall be issued to the Optionee for the number of excess shares of Common Stock.

4. ISSUANCE OF COMMON STOCK AND PAYMENT OF CASH UPON EXERCISE OF OPTIONS. As promptly as practicable after receipt of such written notification of the Optionee's election to exercise the Options and full payment of such exercise price and any applicable withholding taxes, the Company shall issue or transfer to the Optionee the number of shares of Common Stock with respect to which the Options have been so exercised and shall deliver to the Optionee a certificate or certificates therefor, registered in the Optionee's name.

5. DEATH OR DISABILITY OF THE OPTIONEE. (a) If the employment of the Optionee shall terminate for any reason, other than for "Cause" or voluntarily by the Optionee without "Good Reason" the Optionee (or in the case of Optionee's death or disability, his executor, administrator or personal representative) shall have the right to exercise the Options which have vested hereunder for the three (3) month period following such termination to the extent that the Options were vested at the date of death.

(b) In the event of termination for "Cause" or by the Optionee voluntarily without Good Reason (as those terms are defined in the Employment Agreement between the Optionee and the Company) all vested but unexercised Options and all unvested Options shall thereupon, upon his termination of employment, lapse and be of no further effect.

6. ACCELERATION OF VESTING IN CERTAIN CIRCUMSTANCES Notwithstanding the vesting provisions of Section 2:

(a) If the Optionee's employment terminates by reason of death or disability, a portion of the Options which would next have vested under the schedule set forth in Section 2 will vest, pro rata in proportion to the number of days in the calendar year expired through the date of termination; and all remaining Options shall lapse and be of no further effect.

(b) In event of termination by the Company other than for "Cause" or by the Optionee voluntarily for Good Reason (as said capitalized terms are defined in his Employment Agreement with the Company), all of the Options which are not then vested (or such portion thereof as the Optionee may elect) shall vest.

7. SECURITIES MATTERS. (a) Notwithstanding anything herein to the contrary, the Optionee's ability to exercise this Option is subject to timely shareholder approval of an increase in the number of shares of Common Stock covered by the 1992 Plan (the "Increase") approved by the Board of Directors on the date hereof.

(b) The shares of Common Stock issued pursuant to the terms of this Agreement shall represent fully paid and non-assessable shares of Common Stock. The Company represents, warrants and covenants that (i) the Company has previously prepared and filed with the SEC a registration statement on Form S-8 under the Securities Act of 1933, as amended (the "Act"), registering the sale of shares under the 1992 Plan, which registration is currently effective, (ii) the Company shall as promptly as practicable, and the Increase is approved by the shareholders of the Company, amend such registration on Form S-8 to include the shares of Common Stock issuable pursuant to the terms of this Agreement, and (iii) the Company shall maintain the effectiveness of the registration statement, as so amended, until all of such Shares may be sold without restriction under the Act.

8. THE OPTIONEE. Whenever in any provision of this Agreement reference is made to the Optionee, under circumstances where such reference should logically be construed to apply to the executors, administrators, personal representatives or a person or persons to whom the Options may be transferred by will or by the laws of descent and distribution, the reference to the Optionee shall be deemed to include such person or persons.

9. NON-TRANSFERABILITY. The Options are not transferable by the Optionee otherwise than by applicable laws of descent and distribution and, except as set forth herein, are exercisable during the Optionee's lifetime only by the Optionee or the legally appointed administrator of his affairs. No assignment or transfer of the Options, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise (except by will or the laws of descent and distribution), shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Options shall terminate and become of no further effect.

10. RIGHTS AS SHAREHOLDER. The Optionee shall have no rights as a shareholder with respect to any share of Common Stock covered by the Options until the Optionee shall have become the holder of record of such share of Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Optionee shall become the holder of record thereof.

11. ADJUSTMENT FOR RECAPITALIZATION, MERGER, ETC. The aggregate number of shares of Common Stock that may be purchased pursuant to the Options, the number of shares of Common Stock covered by the Options and the price per share shall be appropriately adjusted for any increase or decrease in the number of outstanding shares of Common Stock resulting from a stock split or other subdivision or consolidation of shares of Common Stock or for other capital adjustments or payments of stock dividends or distributions or other increases or decreases in the outstanding shares of Common Stock effected without receipt of consideration by the Company.

In the event of a liquidation of the Company, or a merger, reorganization or consolidation of the Company with any other corporation in which the Company is not the surviving corporation or the Company becomes a wholly owned subsidiary of another corporation, any unexercised Options shall be deemed canceled unless the surviving corporation in any such merger, reorganization or consolidation elects to assume the Options or to issue substitute options in place thereof. Notwithstanding the foregoing, the Company shall deliver written notice to Optionee of its intent to effect such liquidation, merger or consolidation, following which the Optionee shall have the right, exercisable during a ten (10) day period ending on the fifth day prior to such liquidation, merger or consolidation, to exercise the Options in whole or in part. Adjustments under this Section 11 shall be made in a proportionate and equitable manner by the Board of Directors (or Committee), whose determination as to the nature of the adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. In the event that a fraction of a share results from the foregoing adjustment, said fraction shall be eliminated and the price per share of the remaining shares subject to the Options adjusted accordingly.

12. COMPLIANCE WITH LAW. Notwithstanding any of the provisions hereof, except in connection with the dissolution or liquidation of the Company, the Optionee hereby agrees that the Optionee will not exercise the Options, and that the Company will not be obligated to issue or transfer any shares of Common Stock to the Optionee hereunder, if the exercise hereof or the issuance or transfer of such Common Stock shall constitute a violation by the Optionee or the Company of any provisions of any law or regulation of any governmental authority.

13. NOTICE. Any notice or other communications required or permitted hereunder shall be in writing and shall be deemed effective (a) upon personal delivery, if delivered by hand, (b) upon receipt of electronic confirmation, if sent by facsimile transmission, (c) three (3) days after the date of deposit in the mails, if mailed by certified or registered mail (return receipt requested), or (c) on the next business day, if mailed by an overnight mail service to the parties,

if to the Company:

The Langer Biomechanics Group, Inc.
450 Commack Road
Deer Park, NY 11729
Attn.: President
FAX (631) 667 1203

if to the Optionee:

Mr. Steven Goldstein
14 Vanad Drive
East Hills, NY 11576
FAX (516) 626 2834

Copies of all notices to the Company or the Optionee under this Agreement shall also be sent to:

Herrick, Feinstein LLP
2 Park Avenue
New York, NY 10016
Attn: Lawrence M. Levinson, Esq.
Facsimile: (212) 592-1500

and

Kane Kessler, P.C.
1350 Avenue of the Americas
New York, New York 10019-4896
Attn: Robert L. Lawrence, Esq.
Facsimile: (212) 245-3009

or at such other address or facsimile number as either party may from time to time specify to the other.

14. ENTIRE AGREEMENT. This Agreement sets forth the complete understanding of the Company and the Optionee with respect to the subject matter hereof and supersedes all prior understandings, whether oral or written.

15. CONFLICT WITH 1992 PLAN. This Agreement is subject to all of the terms and provisions of the 1992 Plan and the Optionee shall be entitled, with respect to the Options, to all of the rights and benefits provided by the 1992 Plan. In the event that there is any inconsistency between the provisions of this Agreement and of the 1992 Plan, the provisions of the 1992 Plan shall govern.

16. GOVERNING LAW; JURISDICTION. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to the principles of conflicts of law). The Company and the Optionee each agrees that the federal or state courts located in the State of New York shall have exclusive jurisdiction in connection with any dispute arising out of this Agreement.

17. SEVERABILITY. If any provision of this Agreement, or any part of any of them, is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of the covenants or rights or remedies which shall be given full effect without regard to

the invalid portions. If any of the covenants set forth herein is held to be invalid or unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision and in its reduced form said provision shall then be enforceable.

18. HEADINGS. The headings of this Agreement are for convenience of reference only and shall not affect in any manner any of the terms and conditions hereof.

19. MODIFICATIONS AND WAIVERS. No term, provision or condition of this Agreement may be modified or discharged unless such modification or discharge is authorized by the Board and is agreed to in writing and signed by the parties hereto. No waiver by either party hereto of any breach by the other party hereto of any term, provision or condition of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

20. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

THE LANGER BIOMECHANICS GROUP, INC.

By: /s/ Thomas G. Archbold

Name: Thomas G. Archbold
Title: VP - Finance

/s/ Steven Goldstein

Steven Goldstein

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[LETTERHEAD]

November 5, 1998

Mr. Steve Ardia
3 W. Lake Street
Skaneateles, NY 13152

Dear Steve:

This letter is to confirm that you will be assuming the position of Vice Chairman of the Board of Directors of The Langer Biomechanics Group, Inc. on December 1, 1998. Your remuneration will be \$20,000 per year and you will receive an option to purchase 75,000 shares at current market prices with a vesting schedule to be established, which will be based upon a combination of performance and time.

The Langer Board of Directors, as well as myself, wish you the best of luck as we begin what I am sure will become a successful and rewarding journey.

Good luck.

/s/ Ken Granat
Ken Granat

KG:em

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INDEMNIFICATION AGREEMENT

AGREEMENT made as of this ____ day of February, 2001, between The Langer Biomechanics Group, Inc., a New York corporation (the "Company"), and _____ (the "Indemnitee").

WHEREAS, it is essential to the Company and its stockholders to attract and retain qualified and capable directors and officers;

WHEREAS, the Certificate of Incorporation of the Company (the "Certificate of Incorporation") and the By-laws of the Company (the "By-laws") allow the Company to indemnify and advance expenses to its directors and officers;

WHEREAS, in recognition of Indemnitee's need for protection against personal liability in order to induce Indemnitee to serve the Company in an effective manner, and to supplement or replace the Company's directors' and officers' liability insurance coverage, and, in part, to provide Indemnitee with specific contractual assurance that the protection provided by the Certificate of Incorporation and the By-laws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of the Certificate of Incorporation and the By-laws), the Company wishes to provide the Indemnitee with the benefits contemplated by this Agreement; and

WHEREAS, as a result of the provision of such benefits Indemnitee has agreed to continue to serve the Company as a director and/or officer;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. DEFINITIONS. The following terms, as used herein, shall have the following respective meanings:

a. AFFILIATE: of a specified Person is a Person who directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. The term ASSOCIATE used to indicate a relationship with any Person shall mean (i) any corporation or organization (other than the Company or a Subsidiary) of which such Person is an officer or partner or is, directly or indirectly, the Beneficial Owner of ten (10) percent or more of any class of Equity Securities; (ii) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity (other than an Employee Plan Trustee), (iii) any Relative of such Person, or (iv) any officer or director of any corporation controlling or controlled by such Person.

b. BENEFICIAL OWNERSHIP: shall be determined, and a Person shall be the BENEFICIAL OWNER of all securities which such Person is deemed to own beneficially, pursuant to Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (or any successor rule or statutory provision), or, if such Rule 13d-3 shall be rescinded and there shall be no successor rule or statutory provision thereto, pursuant to such Rule 13d-3 as in effect on the

date hereof; PROVIDED, HOWEVER, that a Person shall, in any event, also be deemed to be the Beneficial Owner of any Voting Shares: (A) of which such Person or any of its Affiliates or Associates is, directly or indirectly, the Beneficial Owner; or (B) of which such Person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, and (ii) sole or shared voting or investment power with respect thereto pursuant to any agreement, arrangement, understanding, relationship or otherwise (but shall not be deemed to be the Beneficial Owner of any Voting Shares solely by reason of a revocable proxy granted for a particular meeting of stockholders, pursuant to a public solicitation of proxies for such meeting, with respect to shares of which neither such Person nor any such Affiliate or Associate is otherwise deemed the Beneficial Owner), or (C) of which another Person is, directly or indirectly, the Beneficial Owner if such first mentioned Person or any of its Affiliates or Associates acts with such other Person as a partnership, syndicate or other group pursuant to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of the Company; and PROVIDED FURTHER, HOWEVER, that (i) no director or officer of the Company, nor any Associate or Affiliate of any such director or officer, shall, solely by reason of any or all of such directors and officers acting in their capacities as such, be deemed for any purpose hereof, to be the Beneficial Owner of any Voting Shares of which any other such director or officer (or any Associate or Affiliate thereof) is the Beneficial Owner (ii) no trustee of an employee stock ownership or similar plan of the Company or any Subsidiary ("Employee Plan Trustee") or any Associate or Affiliate of any such Trustee, shall, solely by reason of being an Employee Plan Trustee or Associate or Affiliate of an Employee Plan Trustee, be deemed for any purposes hereof to be the Beneficial Owner of any Voting Shares held by or under any such plan.

(c) A CHANGE IN CONTROL: shall be deemed to have occurred if (A) any Person (other than (a) the Company or any subsidiary, or (b) any pension, profit sharing, employee stock ownership or other employee benefit plan of the Company or any subsidiary or any trustee of or fiduciary with respect to any such plan when acting in such capacity) is or becomes, after the date of this Agreement, the Beneficial Owners of 30% or more of the total voting power of the Voting Shares, (B) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election or appointment by the Board of Directors or nomination or recommendation for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (C) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Shares of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Shares of the surviving entity) at least 75% of the total voting power represented by the Voting Shares of the Company or such surviving entity outstanding, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(d) CLAIM: means any threatened, pending or completed action, suit, arbitration or proceeding, or any inquiry or investigation, whether brought by or in the right of the Company or

otherwise, that Indemnitee in good faith reasonably believes might lead to the institution of any such action, suit, arbitration or proceeding, whether civil, criminal, administrative, investigative or other, or any appeal therefrom.

(e) EQUITY SECURITY: shall have the meaning given to such term under Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on the date hereof.

(f) D&O INSURANCE: means any valid directors' and officers' liability insurance policy maintained by the Company for the benefit of the Indemnitee, if any.

(g) DETERMINATION: means a determination, and DETERMINED means a matter which has been determined based on the facts known at the time, by: (i) a majority vote of a quorum of disinterested directors, or (ii) if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or, in the event there has been a Change in Control, by the Special Independent Counsel (in a written opinion) selected by Indemnitee as set forth in Section 6, or (iii) a majority of the disinterested stockholders of the Company, or (iv) a final adjudication by a court of competent jurisdiction.

(h) EXCLUDED CLAIM: means any payment for Losses or Expenses in connection with any Claim: (i) based or attributable to Indemnitee personally gaining in fact any financial profit or other advantage to which Indemnitee is not legally entitled; or (ii) for the return by Indemnitee of any remuneration paid to Indemnitee without the previous approval of the stockholders of the Company which is illegal; or (iii) for an accounting of profits in fact made from the purchase or sale by Indemnitee of securities of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, or similar provisions of any state law; or (iv) resulting from Indemnitee's knowingly fraudulent, dishonest or willful misconduct; or (v) resulting from the Indemnitee's bad faith or as a result of active and deliberate dishonesty which was material to the adjudicated cause of action or (vi) the payment of which by the Company under this Agreement is not permitted by applicable law.

(i) EXPENSES: means any reasonable expenses incurred by Indemnitee as a result of a Claim or Claims made against Indemnitee for Indemnifiable Events including, without limitation, reasonable attorneys' fees and all other costs, expenses and obligations paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Claim relating to any Indemnifiable Event.

(j) FINES: means any fine, penalty or, with respect to an employee benefit plan, any excise tax or penalty assessed with respect thereto.

(k) INDEMNIFIABLE EVENT: means any event or occurrence, occurring prior to or after the date of this Agreement, related to the fact that Indemnitee is, was or has agreed to serve as, a director, officer, employee, consultant, trustee, agent or fiduciary of the Company, or is or was serving at the request of the Company as a director, officer, employee, consultant, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, or by reason of anything done or not done by Indemnitee, including, but not limited to,

any breach of duty, neglect, error, misstatement, misleading statement, omission, or other act done or wrongfully attempted by Indemnatee, or any of the foregoing alleged by any claimant, in any such capacity.

(l) LOSSES: means any amounts or sums which Indemnatee is legally obligated to pay as a result of a Claim or Claims made against Indemnatee for Indemnifiable Events including, without limitation, damages, judgments and sums or amounts paid in settlement of a Claim or Claims, and Fines.

(m) PERSON: means any individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

(n) POTENTIAL CHANGE IN CONTROL: shall be deemed to have occurred if (A) the Company, enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; or (B) the Board of Directors adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(o) RELATIVE: means a Person's spouse, parents, children, siblings, mother- and father-in-law, sons- and daughters-in-law, and brothers-and sisters-in-law.

(p) REVIEWING PARTY: means any appropriate person or body consisting of a member or members of the Company's Board of Directors or any other person or body appointed by the Board (including the Special Independent Counsel referred to in Section 6) who is not a party to the particular Claim for which Indemnatee is seeking indemnification.

(q) SUBSIDIARY: means any corporation of which a majority of any class of Equity Security is owned, directly or indirectly, by the Company.

(r) TRUST: means the trust established pursuant to Section 7 hereof.

(s) VOTING SHARES: means any issued and outstanding shares of capital stock of the Company entitled to vote generally in the election of directors.

2. BASIC INDEMNIFICATION AGREEMENT. In consideration of, and as an inducement to, the Indemnatee rendering valuable services to the Company, the Company agrees that in the event Indemnatee is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by reason of (or arising in part out of) an Indemnifiable Event, the Company will indemnify Indemnatee to the fullest extent authorized by law, against any and all Losses and Expenses (including all interest, assessments and other charges paid or payable in connection with or in respect of such Losses and Expenses) of such Claim, whether or not such Claim proceeds to judgment or is settled or otherwise is brought to a final disposition, subject in each case, to the further provisions of this Agreement.

3. LIMITATIONS ON INDEMNIFICATION. Notwithstanding the provisions of Section 2, Indemnatee shall not be indemnified and held harmless from any Losses or Expenses (a) which have been Determined, as provided herein, to constitute an Excluded Claim; (b) indemnifiable

hereunder if and to the extent that Indemnatee has actually received payment in connection with such Losses and Expenses pursuant to the Certificate of Incorporation, By-laws, D&O Insurance or otherwise; or (c) other than pursuant to the last sentence of Section 4(d) or Section 14, in connection with any claim or proceeding initiated by Indemnatee, or brought or made by Indemnatee against the Company or any director or officer of the Company, unless the Company has joined in or the Board of Directors has authorized such claim or proceeding.

4. INDEMNIFICATION PROCEDURES.

(a) Promptly after receipt by Indemnatee of notice of any Claim, Indemnatee shall, if indemnification with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement thereof; PROVIDED, HOWEVER, that the failure to give such notice promptly shall not affect or limit the Company's obligations with respect to the matters described in the notice of such Claim, except to the extent that the Company is prejudiced thereby. Indemnatee agrees, further, not to make any admission or effect any settlement with respect to such Claim without the consent of the Company, except any Claim with respect to which the Indemnatee has undertaken the defense in accordance with the second to last sentence of Section 4(d).

(b) If, at the time of the receipt of such notice, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of any Claim to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnatee, all Losses and Expenses payable as a result of such Claim.

(c) The Company shall be obligated to pay the Expenses of any Claim in advance of the final disposition thereof and the Company, if appropriate, shall be entitled to assume the defense of such Claim, with counsel reasonably satisfactory to Indemnatee, upon the delivery to Indemnatee of reasonable written notice of its election to do so. After delivery of such notice, the Company will not be liable to Indemnatee under this Agreement for any legal or other Expenses subsequently incurred by Indemnatee in connection with such defense other than reasonable Expenses of investigation; PROVIDED THAT Indemnatee shall have the right to employ its counsel in such Claim but the fees and expenses of such counsel incurred after delivery of notice from the Company of its assumption of such defense shall be at the Indemnatee's expense; PROVIDED FURTHER that if: (i) the employment of counsel by Indemnatee has been previously authorized by the Company, (ii) Indemnatee shall have reasonably concluded that there will be a conflict of interest between the Company and Indemnatee in the conduct of any such defense, or (iii) the Company shall not, in fact, have employed counsel to assume the defense of such action, the reasonable fees and expenses of counsel shall be at the expense of the Company.

(d) All payments on account of the Company's indemnification obligations under this Agreement shall be made within sixty (60) days of Indemnatee's written request therefor unless a Determination is made that the Claims giving rise to Indemnatee's request are Excluded Claims or otherwise not payable under this Agreement, PROVIDED THAT all payments on account of the Company's obligation to pay Expenses under Section 4(c) of this Agreement prior to the final disposition of any Claim shall be made within 30 days of Indemnatee's written request therefor and such obligation shall not be subject to any such Determination but shall be subject to Section 4(e) of this Agreement. Notwithstanding the foregoing, such sixty (60) day period may be extended for

a reasonable time, not to exceed an additional thirty (30) days, if the Person making the Determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto. In the event the Company takes the position that Indemnitee is not entitled to indemnification in connection with the proposed settlement of any Claim, Indemnitee shall have the right at his own expense to undertake defense of any such Claim, insofar as such proceeding involves Claims against the Indemnitee, by written notice given to the Company within 10 days after the Company has notified Indemnitee in writing of its contention that Indemnitee is not entitled to indemnification; PROVIDED, HOWEVER, that the failure to give such notice within such 10-day period shall not affect or limit the Company's obligations with respect to any such Claim if such Claim is subsequently determined not to be an Excluded Claim or otherwise to be payable under this Agreement, except to the extent that the Company is prejudiced thereby. If it is subsequently determined in connection with such proceeding that the Indemnifiable Events are not Excluded Claims and that Indemnitee, therefore, is entitled to be indemnified under the provisions of Section 2 hereof, the Company shall promptly indemnify Indemnitee.

(e) Indemnitee hereby expressly undertakes and agrees to reimburse the Company for all Losses and Expenses paid by the Company in connection with any Claim against Indemnitee in the event and only to the extent that a Determination shall have been made by a court of competent jurisdiction in a decision from which there is no further right to appeal that Indemnitee is not entitled to be indemnified by the Company for such Losses and Expenses because the Claim is an Excluded Claim or because Indemnitee is otherwise not entitled to payment under this Agreement.

(f) In connection with any Determination as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

(g) Indemnitee hereby expressly undertakes and agrees to (i) notify (and deliver to, as applicable) the Company in writing of any and all information or documents relating to any Claim or matter which may entitle Indemnitee to indemnification for Losses or Expenses under this Agreement; and (ii) to notify the Company in writing of any and all developments relating to any Claim to which the Company has notified Indemnitee in writing pursuant to the terms of Section 4(d) herein of its contention that Indemnitee is not entitled to indemnification under this Agreement.

5. SETTLEMENT. The Company shall have no obligation to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Claim effected without the Company's prior written consent. The Company shall not settle any Claim in which it takes the position that Indemnitee is not entitled to indemnification in connection with such settlement without the consent of Indemnitee, nor shall the Company settle any Claim in any manner which would impose any Fine or any obligation on Indemnitee, without Indemnitee's written consent. Neither the Company nor Indemnitee shall unreasonably withhold its or his consent to any proposed settlement.

6. CHANGE IN CONTROL; EXTRAORDINARY TRANSACTIONS. The Company and Indemnitee agree that if there is a Change in Control of the Company (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control), then all Determinations thereafter with respect to the rights of Indemnitee to be paid Losses and Expenses under this Agreement shall be

made only by a special independent counsel (the "Special Independent Counsel") selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld) or by a court of competent jurisdiction. The Company shall pay the reasonable fees of such Special Independent Counsel and shall indemnify such Special Independent Counsel against any and all reasonable expenses (including reasonable attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

The Company covenants and agrees that, in the event of a Change in Control of the type described in clause (C) of Section 1(c), the Company will use its best efforts (a) to have the obligations of the Company under this Agreement including, but not limited to, those under Section 7, expressly assumed by the surviving, purchasing or succeeding entity, or (b) otherwise adequately to provide for the satisfaction of the Company's obligations under this Agreement, in a manner reasonably acceptable to the Indemnitee.

7. ESTABLISHMENT OF TRUST. In the event of a Potential Change in Control, the Company shall, upon written request by Indemnitee, create a trust (the "Trust") for the benefit of Indemnitee and from time to time upon written request of Indemnitee shall fund the Trust in an amount sufficient to satisfy any and all Losses and Expenses which are actually paid or which Indemnitee reasonably determines from time to time may be payable by the Company under this Agreement. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by the Reviewing Party, in any case in which the Special Independent Counsel is involved. The terms of the Trust shall provide that upon a Change in Control: (i) the Trust shall not be revoked or the principal thereof invaded without the written consent of Indemnitee; (ii) the trustee of the Trust shall advance, within 20 days of a request by Indemnitee, any and all Expenses to Indemnitee (and Indemnitee hereby agrees to reimburse the Trust under the circumstances under which Indemnitee would be required to reimburse the Company under Section 4(e) of this Agreement); (iii) the Company shall continue to fund the Trust from time to time in accordance with the funding obligations set forth above; (iv) the trustee of the Trust shall promptly pay to Indemnitee all Losses and Expenses for which Indemnitee shall be entitled to indemnification pursuant to this Agreement; and (v) all unexpended funds in the Trust shall revert to the Company upon a final determination by a court of competent jurisdiction in a final decision from which there is no further right of appeal that Indemnitee has been fully indemnified under the terms of this Agreement. The trustee of the Trust shall be chosen by Indemnitee and shall be approved by the Company, which approval shall not be unreasonably withheld.

8. NO PRESUMPTION. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of NOLO CONTENDERE, or its equivalent, shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

9. NON-EXCLUSIVITY, ETC. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Certificate of Incorporation, the By-laws, the New York Business Corporation Law, any vote of stockholders or disinterested directors or otherwise, both as to action in Indemnitee's official capacity and as to action in any other capacity by holding such office, and shall continue after Indemnitee ceases to serve the Company as a director, officer, employee, or consultant for so long as Indemnitee shall be subject to any Claim by reason of (or

arising in part out of) an Indemnifiable Event. To the extent that a change in the New York Business Corporation Law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Certificate of Incorporation, the By-laws and this Agreement, it is the intent of the parties hereto that Indemnatee shall enjoy by this Agreement the greater benefits so afforded by such change.

10. LIABILITY INSURANCE. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnatee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any director of the Company.

11. SUBROGATION. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnatee who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

12. PARTIAL INDEMNITY, ETC. If Indemnatee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Losses and Expenses of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnatee for the portion thereof to which Indemnatee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnatee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to any Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnatee shall be indemnified against all Expenses incurred in connection therewith.

13. LIABILITY OF COMPANY. Indemnatee agrees that neither the stockholders nor the directors nor any officer, employee, consultant, representative or agent of the Company shall be personally liable for the satisfaction of the Company's obligations under this Agreement and Indemnatee shall look solely to the assets of the Company for satisfaction of any claims hereunder.

14. ENFORCEMENT.

(a) Indemnatee's right to indemnification and other rights under this Agreement shall be specifically enforceable by Indemnatee only in the state or Federal courts of the States of New York and shall be enforceable notwithstanding any adverse Determination by the Company's Board of Directors, independent legal counsel, the Special Independent Counsel or the Company's stockholders and no such Determination shall create a presumption that Indemnatee is not entitled to be indemnified hereunder. In any such action the Company shall have the burden of proving that indemnification is not required under this Agreement.

(b) In the event that any action is instituted by Indemnatee under this Agreement, or to enforce or interpret any of the terms of this Agreement, Indemnatee shall be entitled to be paid all court costs and reasonable expenses, including reasonable counsel fees, incurred by Indemnatee with respect to such action, unless the court determines that each of the material assertions made by Indemnatee as a basis for such action was not made in good faith or was frivolous.

15. SEVERABILITY. In the event that any provision of this Agreement is determined by a court to require the Company to do or to fail to do an act which is in violation of applicable law, such provision (including any provision within a single section, paragraph or sentence) shall be limited or modified in its application to the minimum extent necessary to avoid a violation of law, and, as so limited or modified, such provision and the balance of this Agreement shall be enforceable in accordance with their terms to the fullest extent permitted by law.

16. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such State.

17. CONSENT TO JURISDICTION. The Company and Indemnitee each hereby irrevocably consents to the jurisdiction of the courts of the States of New York for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agrees that any action instituted under this Agreement shall be brought only in the state and Federal courts of the State of New York.

18. NOTICES. All notices or other communications required or permitted hereunder shall be sufficiently given for all purposes if in writing and personally delivered or sent by registered or certified mail, return receipt requested, with postage prepaid addressed as follows, or to such other address as the parties shall have given notice of pursuant hereto:

(a) If to the Company, to:

The Langer Biomechanics Group, Inc.
450 Commack Road
Deer Park, New York 11720
Attn: President

With a copy to:

Kane Kessler, P.C.
1350 Avenue of the Americas
New York, New York 10019
Attn: Robert L. Lawrence, Esq.

(b) If to Indemnatee, to:

19. COUNTERPARTS. This Agreement may be signed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one and the same instrument.

20. SUCCESSORS AND ASSIGNS. This Agreement shall be (i) binding upon all successors and assigns of the Company, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, and (ii) binding upon and inure to the benefit of any successors and assigns, heirs, and personal or legal representatives of Indemnatee.

21. AMENDMENT; WAIVER. No amendment, modification, termination or cancellation of this Agreement shall be effective unless made in a writing signed by each of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

IN WITNESS WHEREOF, the Company and Indemnatee have executed this Agreement as of the day and year first above written.

THE LANGER BIOMECHANICS GROUP, INC.

By: _____

Name:

Title:

-10-

</TEXT>
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The Langer Biomechanics Group Inc.
EXHIBIT 21.1
LIST OF SUBSIDIARIES

WHOLLY-OWNED SUBSIDIARY

The Langer Biomechanics Group (UK) LIMITED, a United Kingdom limited company
</TEXT>
</DOCUMENT>

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 33-89880 and No. 333-94769 of The Langer Biomechanics Group, Inc. on Form S-8 of our report dated May 14, 2001 appearing in this Annual Report on Form 10-K of The Langer Biomechanics Group, Inc. for the year ended February 28, 2001.

Jericho, New York
May 22, 2001
</TEXT>
</DOCUMENT>

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