

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: June 18, 2007
(Date of earliest event reported)

21ST CENTURY HOLDING COMPANY
(Exact name of registrant as specified in its charter)

<u>Florida</u> (State or other jurisdiction of incorporation)	<u>0-2500111</u> (Commission File Number)	<u>65-0248866</u> (I.R.S. Employer Identification No.)
<u>3661 West Oakland Park Blvd., Suite 300</u> <u>Lauderdale Lakes, FL</u> (Address of principal executive offices)	<u>33311</u> (Zip Code)	

Registrant's telephone number, including area code: (954) 581-9993

NOT APPLICABLE
(Former Name or Former Address, if Changed Since Last Report)

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

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

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

Appointment of Peter J. Prygelski as Chief Financial Officer and Reassignment of James Gordon Jennings, III, as Chief Accounting Officer

Peter J. Prygelski, who currently serves on the Board of Directors of 21st Century Holding Company (the “Company”) and as Chairman of its Audit Committee, has been appointed to serve as the Company’s Chief Financial Officer, effective as of June 25, 2007. Mr. James Gordon Jennings, III, who has served as the Company’s Chief Financial Officer since August 2002 will remain with the Company in the role of Chief Accounting Officer and will provide support to Mr. Prygelski.

Mr. Prygelski (age 38) has served as a Director of the Company and as the Chairman of the Audit Committee and the Company's designated financial expert since January 2004. He has also served as a member of our Investment Committee and Independent Director's Committees since March 2004. Mr. Prygelski most recently served as a Senior Manager in the Enterprise Risk Services practice of Deloitte and Touche from May 2006 to May 2007. Prior to joining Deloitte and Touche, Mr. Prygelski served in a similar capacity with Ernst & Young from April 2004 to April 2006. Previously, Mr. Prygelski was a Director of Audit for American Express Centurion Bank (a subsidiary of American Express), where he began his career in Corporate Finance and was a member of their Enterprise Risk and Assurance function from November 1991 to August 2003. Mr. Prygelski has no family relationship with any of the Company's executive officers or directors and has not engaged in any related party transactions with the Company.

In connection with his employment, the Company and Mr. Prygelski have entered into an Employment Agreement, an Annual Review Agreement and a Non-Compete Agreement effective as of June 25, 2007. Additionally, Mr. Prygelski will resign from the Board of Directors and all Board committees on which he currently serves, effective as of June 25, 2007.

Under his Employment Agreement, Mr. Prygelski will receive an annual salary of \$160,000 per year. Mr. Prygelski’s Employment Agreement is for a term of three (3) years from the effective date, unless otherwise terminated as specified therein. It contains standard termination provisions. If Mr. Prygelski’s employment with the Company is terminated without cause, we must make a lump-sum severance payment to him in an amount equal to one (1) year’s base salary or the base salary through the balance of term remaining on his employment agreement, whichever is a lesser amount, and all of his unvested options would become immediately exercisable and vested. It has been the Company’s practice if an executive is terminated without cause, to accelerate any unvested options. Based on this policy, if we terminated Mr. Prygelski without cause, his unvested options would be automatically accelerated.

Pursuant to his Employment Agreement, Mr. Prygelski will be granted options to purchase 20,000 shares of the Company’s common stock with a grant date on June 25, 2007, the grant price will be 2% over the fair market value (FMV) on the grant date, the options will vest 20% per year and expire on June 25, 2013. Additional stock option grants may be awarded to Mr. Prygelski in the future at the discretion and authorization of the Compensation Committee. In addition to this grant of 20,000 options, Mr. Prygelski currently owns options to purchase 15,000 fully vested shares of the Company’s

common stock at an exercise price of \$15.413 which expire on January 26, 2010 and options to purchase 10,000 shares of the Company's stock at an exercise price of \$15.79, vesting 20% per year beginning on December 5, 2006 and expiring December 5, 2011.

The Non-Compete Agreement contains standard non-competition, non-solicitation and confidentiality provisions. The Annual Review Agreement stipulates that Mr. Prygelski's performance will be reviewed on an annual basis and that based on the conclusions of such review and the Company's overall performance, Mr. Prygelski may be entitled to a base salary increase of up to five percent (5%) over the previous year. Also, there is currently in place an Indemnification Agreement dated January 26, 2004 between the Company and Mr. Prygelski, which was entered into when Mr. Prygelski joined the Board.

The foregoing description of Mr. Prygelski's Employment Agreement and related documents are qualified in their entirety by reference to Mr. Prygelski's Employment Agreement, Annual Review Agreement, Non-Compete Agreement and Indemnification Agreement attached hereto as Exhibits 10.1, 10.2, 10.3 and 10.4 and incorporated herein by reference.

Appointment of New Director

The Board of Directors has appointed Anthony C. Kraye, III to serve as a director of the Company to fill the vacancy created by Mr. Prygelski's resignation. Mr. Kraye will serve as a Class II director and will stand for reelection at the 2009 Annual Meeting of Shareholders. Mr. Kraye will serve as a member of the Audit Committee, the Investment Committee and the Independent Director's Committee.

Mr. Kraye (age 62) has served as the Executive Vice-President and Chief Administrative Officer of the South Broward Hospital District since August 1997. Prior to 1997, Mr. Kraye spent five years with OrNda of South Florida. He held the title of Senior Vice-President from 1993-1994, Senior Vice-President of Acquisitions and Development (OrNda Healthcorp) from 1994-1997 and President from 1996-1997. Additionally, Mr. Kraye has served as the Chief Operating Officer/Chief Financial Officer of Florida Medical Center from 1989-1993 and as a partner of Ernst and Whinney from 1968-1989. Mr. Kraye has no family relationship with any of the Company's executive officers or directors and has not engaged in any related party transactions with the Company.

Mr. Kraye has served on several boards of directors throughout his career. He currently serves on the Board of Directors and Audit Committee of Coconut Grove Bankshares, Inc., a privately held bank holding company and Coconut Grove Bank, its subsidiary. He was their Audit Committee Chairman from 2002-2005.

As a non-employee director, Mr. Kraye will receive an annual retainer of \$40,000, payable in quarterly installments of \$10,000, beginning in July 2007. In addition to the annual retainer, Mr. Kraye will be granted options to purchase 10,000 shares of the Company's common stock with a grant date on June 25, 2007, the grant price will be 2% over the fair market value (FMV) on the grant date, the options will vest 20% per year and expire on June 25, 2013. Additional stock option grants may be awarded to Mr. Kraye in the future at the discretion and authorization of the Compensation Committee.

Mr. Kraymer will enter into an Indemnification Agreement with the Company as soon as is reasonably possible.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 10.1 Employment Agreement between the Company and Peter J. Prygelski, effective June 25, 2007
- 10.2 Annual Review Agreement between the Company and Peter J. Prygelski, effective June 25, 2007
- 10.3 Non-Compete Agreement between the Company and Peter J. Prygelski, effective June 25, 2007
- 10.4 Indemnification Agreement between the Company and Peter J. Prygelski, dated January 26, 2004

SIGNATURES

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

21ST CENTURY HOLDING COMPANY

Date: June 19, 2007

By: _____
Name: James Gordon Jennings, III
Title: Chief Financial Officer
(Principal Accounting and Financial Officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Title</u>
10.1	Employment Agreement between 21 st Century Holding Company and Peter J. Prygelski, effective June 25, 2007
10.2	Annual Review Agreement between the Company and Peter J. Prygelski, effective June 25, 2007
10.3	Non-Compete Agreement between the Company and Peter J. Prygelski, effective June 25, 2007
10.4	Indemnification Agreement between the Company and Peter J. Prygelski, dated January 26, 2004

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), made and entered into as of the ____ day of June 2007, by and between:

- (i) **PETER J. PRYGELSKI**, an individual of Coral Springs, Florida (the "Employee") and
- (ii) **21ST CENTURY HOLDING COMPANY**, a Florida corporation with offices and place of business in Lauderdale Lakes, Florida (the "Company").

P R E L I M I N A R Y S T A T E M E N T

WHEREAS, the Company is engaged in the insurance business and desires to employ Employee and to secure for the Company the benefit of Employee's experience, efforts and abilities in connection with the business of the Company, all as provided herein; and

WHEREAS, the Company has and will continue to expend substantial resources in connection with the aforementioned endeavors; and

WHEREAS, the Company desires to engage Employee as Chief Financial Officer of the Company to perform accounting and management functions and other services in connection with the business of the Company, and

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Employment. Effective as of June ____, 2007, the Company employs Employee, and Employee hereby accepts employment by Company, and agrees to serve the Company, upon the terms and conditions set forth in this Agreement.
2. Term of Employment. The Employee shall be employed for a period of three (3) year(s) from the date set forth in Paragraph 1 herein (the period of employment may be referred to as the "Term of Employment").
3. Duties of Employee. So long as employed hereunder, Employee agrees to devote Employee's full business time and energy to the business and affairs of the Company, to perform Employee's duties hereunder effectively, diligently and to the best of Employee's ability and to use Employee's best efforts, skill and abilities to promote the Company's interests. Employee's duties shall include, but are not limited to, sales and management functions for the Company, as well as providing any other services as may be determined by the Company from time to time in the Company's reasonable discretion.

Note: It is understood that it is the Employee's responsibility to produce the Company's quarterly and annual financials accurately and on time and if that does not occur, the Company's Board of Directors may change the Employee's title, duties and/or description, however, this contract will be otherwise unaffected.

4. Compensation. For all services to be rendered by Employee to the Company during the Term of Employment, the Company agrees to compensate Employee and Employee agrees to accept from Employer, the following compensation:

- (a) Base Salary. The Company agrees to pay Employee an annual salary of ONE HUNDRED SIXTY THOUSAND DOLLARS (\$160,000.00) per year payable biweekly, in the following amount:

SIXTY-ONE HUNDRED FIFTY-THREE DOLLARS and 85/100 (\$6,153.85) biweekly

(b) After the execution of this Agreement, Employee shall receive 20,000 stock options to purchase the Company's common stock pursuant to the 1998 Stock Option Plan of 21st Century Holding Company, with the grant price set at 2% over the fair market value on the effective date of this Agreement, vesting 20% per year and expiring six (6) years from the grant date.

(c) Medical Insurance. In addition to the Employee's salary and bonus, as set forth above, and so long as Employee is employed by the Company, the Company agrees to provide and pay the premium cost for medical insurance coverage for the Employee commensurate with the coverage provided by the Company for other similarly situated employees.

(d) Vacation/Personal Time. Employee shall be entitled to reasonable vacations and/or personal time off during each year of the Term, the time and duration thereof to be determined by mutual agreement between Employee and the Company.

5. Termination. Employee's employment with the Company may be terminated by the Company if any of the following shall occur:

(a) Employee shall be discharged for "good cause" which shall mean that:

(i) there has been continued neglect on the part of the Employee in the performance of Employee's duties under this Agreement with notice and an opportunity to cure: or

(ii) Employee shall have committed a material breach of any term or condition of this Agreement; or

(iii) Employee is convicted of a felony or of any crime involving moral turpitude which is committed by Employee during the term of this Agreement.

(iv) Employee continued to neglect Employee Handbook Policies and Procedures.

If Employee's employment with the Company shall be terminated as provided in this Section 5(a), the Employee shall be entitled to Employee's base weekly salary (as provided in Section 4(a) above) prorated only through the date of the termination of employment.

(b) Termination by the Company Without Cause. If during the Term of this Agreement the Employee's employment is terminated by the Company without cause, the Company will make a lump sum payment to the Employee in an amount equal one (1) year's base salary or the base salary through the balance of the Term remaining on this Agreement, whichever is a lesser amount. Additionally, the Company will accelerate all unvested stock options held by the Employee at the time of termination.

(c) Change of Control.

(i) For the purposes of this Agreement, a "Change of Control" shall be deemed to have taken place if: (1) any person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, becomes the owner or beneficial owner of Company securities, after the date of this Agreement, having 20% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company, or open market purchases approved by the Board, as long as the majority of the Board approving the purchases is the majority at the time the purchases are made), or (2) the persons who were directors of the Company before such transactions shall cease to constitute a majority of the Board, or any successor to the Company, as the direct or indirect result of or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions.

(ii) The Company and Employee hereby agree that, if Employee is employed with the Company on the date on which a Change of Control occurs (the "Change of Control Date"), and if during the remaining term hereof after the Change of Control Date Employee's employment is terminated by the Company (or subsidiary), the Company will make a lump sum payment to the Employee in an amount equal one (1) year's base salary or the base salary through the balance of the Term remaining on this Agreement, whichever is a lesser amount. Additionally, the Company will accelerate all unvested stock options held by the Employee at the time of termination.

6. Resignation. If the Employee voluntarily resigns his employment with the Company with less than 2 weeks advanced notice, the Employee's compensation shall be reduced one day for each day the advanced notice is less than two weeks. Also, the Employee agrees to reimburse the Company, if necessary to comply with this provision.

7. Non-Solicitation of Company Employees Agreement. Employee agrees that for the period that Employee is employed by the Company and for a period of two (2) years if Employee resigns or is terminated from the Company, Employee will not, for any reason, solicit or hire, whether for himself or on behalf of another company, any of the Company's current employees. Employees of the Company will be considered "current" for the period of their employment with the Company and for a period of six (6) months after their resignation or termination from the Company.

8. Confidentiality Agreement. The Employee recognizes, acknowledges and agrees that the documents, lists, files, records, data and other information developed and acquired by the Company, including all information developed and acquired by the Employee in the course of Employee's employment with the Company as it may exist from time to time, are considered confidential, and include, but are not limited to, all information relating to the Company's projects, proposed projects or applications (the "Confidential Information").

(a) Prohibited Acts. The Employee understands and agrees that all such Confidential Information is to be preserved and protected, is not to be disclosed or made available, directly or indirectly, to third persons for purposes unrelated to the objectives of the Company, without prior authorization of an executive officer of the Company, and is not to be used, directly or indirectly, for any purpose unrelated to the objectives of the Company without prior written authorization of an executive officer of the Company.

(b) Continuing Obligations. The Employee understands and agrees that Employee's obligations under this Agreement, specifically including the obligations to preserve and protect and not to disclose (or make available to third persons) or use for purposes unrelated to the objectives of the Company, without prior written authorization of an executive officer of the Company, Confidential Information, continue indefinitely and do not, under any circumstances or for any reason (specifically including wrongful discharge), cease upon termination of employment; and that, in the event of termination of the Employee's employment for any reason (specifically including wrongful discharge), such Confidential Information shall remain the sole property of the Company and shall be left in its entirety in the undisputed possession and control of the Company after such termination.

9. Enforcement of Covenants. In addition to all other remedies available at law or in equity, the covenants contained in Sections 7 and 8 hereof shall be enforceable by decree of specific performance and/or injunctive relief and shall be construed as separate covenants covering competition in the geographical territory set forth, and if any court shall finally determine that the restraints provided for therein are too broad as to the area, activity or time covered, then the area, activity or time covered, as the case may be, may be reduced by such court to whatever extent the court deems reasonable and such covenants shall be enforced as to such reduced area, activity or time.

10. Notices. All notices, demands and other communications which may or are required to be given to or made by either party to the other in connection with this Agreement shall be in writing, shall be given by hand delivery or by United States Certified or Registered mail, return receipt requested, postage prepaid, and shall be deemed to have been given or made when received by the addressee, addressed to the respective parties as follows:

If to Employee: PETER J. PRYGELSKI
10999 N.W. 13 Court
Coral Springs, FL 33071

If to Company: 21ST CENTURY HOLDING COMPANY
3661 West Oakland Park Blvd., Suite 300
Lauderdale Lakes, Florida 33311
Attn: Edward J. Lawson, CEO

11. Miscellaneous:

- (a) This Agreement has been executed in and shall be governed and construed in accordance with the laws of the State of Florida.
- (b) Unless otherwise provided herein, all rights, powers, and privileges conferred hereunder upon the parties shall be cumulative and not restrictive of those given by law.
- (c) No failure of any party hereto to exercise any power given such party hereunder or to insist upon strict compliance by the other party with its obligations hereunder, and no customary practice of the parties at variance with the terms hereof, shall constitute a waiver of a party's right to demand exact compliance with the terms hereof.
- (d) Time is of the essence in complying with the terms, conditions and provisions of this Agreement.
- (e) This Agreement contains the entire agreement of the parties hereto pertaining to the subject matter hereof, and no representation, inducements, promises or agreements between the parties not contained herein shall be of any force or effect.
- (f) This Agreement is binding upon and shall inure to the benefit of the Company, its successors and assigns and the Employee and his respective heirs, personal representatives, successors and assigns.
- (g) Any amendment to this Agreement shall not be binding upon the parties to this Agreement unless such amendment is in writing and due executed by all the parties hereto.
- (h) In the event any litigation or controversy arises out of or in connection with this Agreement between the parties hereto, the prevailing party in such litigation or controversy shall be entitled to recover from the other party or parties all reasonable attorney's fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceeding.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day, month and year first above written.

PETER J. PRYGELSKI
(the "Employee")

21ST CENTURY HOLDING COMPANY
a Florida corporation

By: _____
Name: Edward J. Lawson
Title: Chief Executive Officer
(the "Company")

ANNUAL REVIEW AGREEMENT

THIS ANNUAL REVIEW AGREEMENT (the "Agreement") is entered into on June _____, 2007 by and between Peter J. Prygelski (the "Employee") and 21st Century Holding Company, a Florida corporation (the "Company").

The Company agrees to review the Employee's performance on an annual basis and based on the conclusions of such review and the Company's overall performance, the Employee may be entitled to a salary increase of up to five percent (5%) over the previous year.

This agreement shall be binding upon and inure to the benefit of the parties, their successors, assigns, and personal representatives.

IN WITNESS WHEREOF, this Agreement has been duly signed by the parties hereto on the day and year first above written.

21ST CENTURY HOLDING COMPANY

By: _____
Name: Edward J. Lawson
Title: Chief Executive Officer

Peter J. Prygelski, EMPLOYEE

NON-COMPETE AGREEMENT

THIS NON-COMPETE AGREEMENT (the "Agreement") is entered into on June ____, 2007 by and between Peter J. Prygelski (the "Employee") and 21st Century Holding Company, a Florida corporation (the "Company").

WITNESSETH:

WHEREAS, the Employee is employed by the Company and the Employee and the Company, intending to be legally bound hereby and in consideration of the promises contained herein, do hereby agree as follows:

1. Non-Competition. During the Term and for a period of two (2) year(s) following the termination (other than without Cause) of the Employee's employment by the Company, Employee shall not, directly or indirectly engage in or have any interest in, directly or indirectly, any sole proprietorship, partnership, corporation, business or any other person or entity (whether as an employee, officer, director, partner, agent, security holder, creditor, consultant or otherwise) that, directly or indirectly, engages primarily in the development, marketing, distribution, underwriting or sale of products and services competitive with the Company's and/or any subsidiary's products and services in any and all states in which the Company and/or any subsidiary conducts its business during the Term or at the time Executive's employment with the Company is terminated (the "Territory"); provided, however, that Employee may hold Company securities and/or acquire, solely as an investment, shares of capital stock or other equity securities of any such company, so long as Employee does not control acquire a controlling interest in or become a member of a group which exercises direct or indirect control of, more than five percent of any class of capital stock of such corporation.

2. Nondisclosure. During the Term and following termination of the Employee's employment with the Company, Employee shall not divulge, communicate, use to the detriment of the Company or for the benefit of any other person or persons, or misuse in any way, any Confidential Information (as hereinafter defined) pertaining to the business of the Company. Any Confidential Information or data now or hereafter acquired by the Executive with respect to the business of the Company (which shall include, but not be limited to, information concerning the Company's financial condition, prospects, technology, customers, methods of doing business and marketing, distribution, underwriting or sale of the Company's products and services) shall be deemed a valuable, special and unique asset of the Company that is received by the Employee in confidence and as a fiduciary. For purposes of this Agreement "Confidential Information" means information disclosed to the Employee or known by the Employee as a consequence of or through his employment by the Company (including information conceived, originated, discovered or developed by the Employee) prior to or after the date hereof and not generally known or in the public domain, about the Company or its business. Notwithstanding the foregoing, nothing herein shall be deemed to restrict the Employee from disclosing Confidential Information to the extent required by law.

3. Nonsolicitation of Employees. During the Term and for a period of two (2) year(s) following termination of the Employee's employment with the Company, Employee shall not directly or indirectly, for himself or for any other person, firm, corporation, partnership, association or other entity, attempt to employ or enter into any contractual arrangement with any employee or former employee of the Company, unless such employee or former employee has not been employed by the Company for a period in excess of six months.

4. Books and Records. All books, records, accounts and similar repositories of Confidential Information of the Company, whether prepared by the Employee or otherwise coming into the Executive's possession, shall be the exclusive property of the Company and shall be returned immediately to the Company on termination of this Agreement or on the Board's request at any time.

5. Injunction. It is recognized and hereby acknowledged by the parties hereto that a breach by the Employee of any of the covenants contained in this Agreement will cause irreparable harm and damage to the Company, the monetary amount of which may be virtually impossible to ascertain. As a result, the Employee recognizes and hereby acknowledges that the Company shall be entitled to an injunction from any court of competent jurisdiction enjoining and restraining any violation of any or all of the covenants contained in this Agreement by the Employee or any of his affiliates, associates, partners or agents, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to whatever other remedies the Company may possess.
6. Binding Effect. Except as herein otherwise provided, this Agreement shall inure to the benefit of and shall be binding upon the parties hereto, their personal representatives, successors, heirs and assigns.
7. Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa. Titles of Paragraphs are for convenience only, and neither limit nor amplify the provisions of the Agreement itself.
8. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. It supersedes all prior negotiations, letters and understandings relating to the subject matter hereof.
9. Amendment. This Agreement may not be amended, supplemented or modified in whole or in part except by an instrument in writing signed by the party or parties against whom enforcement of any such amendment, supplement or modification is sought.
10. Choice of Law. This Agreement will be interpreted, construed and enforced in accordance with the laws of the State of Florida, without giving effect to the application of the principles pertaining to conflicts of laws.
11. Effect of Waiver. The failure of any party at any time or times to require performance of any provision of this Agreement will in no manner affect the right to enforce the same. The waiver by any party of any breach of any provision of this Agreement will not be construed to be a waiver by any such party of any succeeding breach of that provision or a waiver by such party of any breach of any other provision.
12. Severability. The invalidity, illegality or unenforceability of any provision or provisions of this Agreement will not affect any other provision of this Agreement, which will remain in full force and effect, nor will the invalidity, illegality or unenforceability of a portion of any provision of this Agreement affect the balance of such provision. In the event that any one or more of the provisions contained in this Agreement or any portion thereof shall for any reason be held to be invalid, illegal or unenforceable in any respect, this Agreement shall be reformed, construed and enforced as if such invalid, illegal or unenforceable provision had never been contained herein.
13. Enforcement. Should it become necessary for any party to institute legal action to enforce the terms and conditions of this Agreement, the successful party will be awarded reasonable attorneys' fees at all trial and appellate levels, expenses and costs. Any suit, action or proceeding with respect to this Agreement shall be brought in the courts of Broward County in the State of Florida or in the U.S. District Court for the Southern District of Florida. The parties hereto hereby accept the exclusive jurisdiction of those courts for the purpose of any such suit, action or proceeding.

Venue for any such action, in addition to any other venue permitted by statute, will be Broward County, Florida. The parties hereto hereby irrevocably waive, to the fullest extent permitted by law, any objection that any of them may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any judgment entered by any court in respect thereof brought in Broward County, Florida, and

hereby further irrevocably waive any claim that any suit, action or proceeding brought in Broward County, Florida, has been brought in an inconvenient forum.

The parties hereto acknowledge and agree that any party's remedy at law for a breach or threatened breach of any of the provisions of this Agreement would be inadequate and such breach or threatened breach shall be per se deemed as causing irreparable harm to such party. Therefore, in the event of such breach or threatened breach, the parties hereto agree that, in addition to any available remedy at law, including but not limited to monetary damages, an aggrieved party, without posting any bond, shall be entitled to obtain, and the offending party agrees not to oppose the aggrieved party's request for, equitable relief in the form of specific enforcement, temporary restraining order, temporary or permanent injunction, or any other equitable remedy that may then be available to the aggrieved party.

14. Binding Nature. This Agreement will be binding upon and will inure to the benefit of any successor or successors of the parties hereto.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original.

16. Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered when sent by facsimile with receipt confirmed or when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, or by overnight courier, addressed to the parties at the addresses first stated herein, or to such other address as either party hereto shall from time to time designate to the other party by notice in writing as provided herein.

IN WITNESS WHEREOF, this Agreement has been duly signed by the parties hereto on the day and year first above written.

21ST CENTURY HOLDING COMPANY

By: _____
Name: Edward J. Lawson
Title: Chief Executive Officer

Peter J. Prygelski, EMPLOYEE

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "Agreement") is dated as of January 26, 2004, by and between 21st CENTURY HOLDING COMPANY, a Florida corporation (the "Company"), with its principal office located at 4161 N.W. 5th Street, Plantation, Florida 33317, and PETER J. PRYGELSKI, whose residence is 10999 NW 13 Court, Coral Springs, Florida 33071 (the "Indemnitee").

Recitals

1. The substantial increase in corporate litigation subjects directors and officers of corporations and others to expensive litigation risks at the same time that the availability of competent and qualified directors, officers, employees, consultants, advisers and agents has been greatly reduced, and the coverage offered by directors' and officers' liability insurance has been severely limited;
2. The Company's Restated and Amended Articles of Incorporation (the "Articles of Incorporation") and By-Laws (the "By-Laws") requires the Company to indemnify and advance expenses to its directors and officers to the fullest extent permitted by law and the Indemnitee has been serving and continues to serve as a director or officer of the Company in part in reliance on such Articles of Incorporation;
3. In recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued service to the Company in an effective manner and Indemnitee's reliance on the Articles of Incorporation and By-Laws, and in part to provide Indemnitee with specific contractual assurance that the protection promised by the Articles of Incorporation and By-Laws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such or any change in the composition of the Company's Board of Directors (the "Board") or acquisition transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of, and the advancing of expenses to, Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies;
4. As a condition to the Indemnitee's agreement to continue to serve as a director of the Company, the Indemnitee requires that he be indemnified from liability to the fullest extent permitted by law; and
5. The Company is willing to indemnify the Indemnitee to the fullest extent permitted by law in order to retain the services of the Indemnitee.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, the parties hereby agree as follows:

1. MANDATORY INDEMNIFICATION IN PROCEEDINGS OTHER THAN THOSE BY OR IN THE RIGHT OF THE COMPANY. Subject to Section 5 hereof, the Company shall indemnify and hold harmless the Indemnitee from and against any and all claims, damages, expenses (including attorneys' fees), judgments, penalties, fines (including excise taxes assessed with respect to an employee benefit plan), settlements, and all other liabilities incurred or paid by him in connection with the investigation, defense, prosecution, settlement or appeal of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than action by or in the right of the Company) and to which the Indemnitee was or is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an officer, director, shareholder, employee, consultant, adviser or agent of the Company, or is or was serving at the request of the Company as an officer, director, partner, trustee, employee, adviser or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of anything done or not done by the Indemnitee in any such capacity or capacities, provided that the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

2. MANDATORY INDEMNIFICATION IN PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY. Subject to Section 5 hereof the Company shall indemnify and hold harmless the Indemnitee from and against any and all expenses (including attorneys' fees) and amounts actually and reasonably incurred or paid by him in connection with the investigation, defense, prosecution, settlement or appeal of any threatened, pending or completed action, suit or proceeding by or in the right of the Company to procure a judgment in its favor, whether civil, criminal, administrative or investigative, and to which the Indemnitee was or is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an officer, director, shareholder, employee, consultant, adviser or agent of the Company, or is or was serving at the request of the Company as an officer, director, partner, trustee, employee, adviser or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of anything done or not done by the Indemnitee in any such capacity or capacities, provided that (i) the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and (ii) no indemnification shall be made under this Section 2 in respect of any claim, issue or matter as to which the Indemnitee shall have been adjudged to be liable to the Company for misconduct in the performance of his duty to the Company unless, and only to the extent that, the court in which such proceeding was brought (or any other court of competent jurisdiction) shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

3. MANDATORY INDEMNIFICATION AGAINST EXPENSES INCURRED WHILE TESTIFYING. Subject to Section 5 hereof, the Company shall indemnify the Indemnitee against expenses (including attorneys' fees) incurred or paid by the Indemnitee as a result of providing testimony in any proceeding, whether civil, criminal, administrative or investigative (including but not limited to any action or suit by or in the right of the Company to procure judgment in its favor), by reason of the fact that the Indemnitee is or was an officer, director, shareholder, employee, consultant, adviser or agent of the Company, or is or was serving at

the request of the Company as an officer, director, partner, trustee, employee, adviser or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

4. REIMBURSEMENT OF EXPENSES FOLLOWING ADJUDICATION OF NEGLIGENCE. The Company shall reimburse the Indemnitee for any expenses (including attorneys' fees) and amounts actually and reasonably incurred or paid by him in connection with the investigation, defense, settlement or appeal of any action or suit described in Section 2 hereof that results in an adjudication that the Indemnitee was liable for negligence, gross negligence or recklessness (but not willful misconduct) in the performance of his duty to the Company; provided, however, that the Indemnitee acted in good faith and in a manner he believed to be in or not opposed to the best interests of the Company.

5. AUTHORIZATION OF INDEMNIFICATION. Any indemnification under Sections 1, 2 and 3 hereof (unless ordered by a court) and any reimbursement made under Section 4 hereof shall be made by the Company only as authorized in the specific case upon a determination (the "Determination") that indemnification or reimbursement of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable requirements set forth in Sections 1, 2, 3 and 4 hereof, as the case may be. Subject to Sections 6.6, 6.7 and 9 of this Agreement, the Determination shall be made in the following order of preference:

(a) first, by the Board by a majority vote or consent of a quorum, in each case consisting of directors who are not, at the time of the Determination, named parties to such action, suit or proceeding ("Disinterested Directors"); or

(b) next, if such a quorum of Disinterested Directors cannot be obtained, by majority vote or consent of a committee duly designated by the Board (in which designation all directors, whether or not Disinterested Directors, may participate) consisting solely of two or more Disinterested Directors; or

(c) next, if such a committee cannot be designated, by any independent legal counsel (who may be any outside counsel regularly employed by the Company) in a written opinion; or

(d) next, if such legal counsel determination cannot be obtained, by vote or consent of the holders of a majority of the Company's Common Stock.

5.1 NO PRESUMPTIONS. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of NOLO CONTENDERE or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

5.2 BENEFIT PLAN CONDUCT. The Indemnitee's conduct with respect to an employee benefit plan for a purpose he reasonably believed to be in the interests of the participants in

and beneficiaries of the plan shall be deemed to be conduct that the Indemnitee reasonably believed to be not opposed to the best interests of the Company.

5.3 RELIANCE AS SAFE HARBOR. For purposes of any Determination hereunder, the Indemnitee shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on (i) the records or books of account of the Company or another enterprise, including financial statements, (ii) information supplied to him by the officers of the Company or another enterprise in the course of their duties, (iii) the advice of legal counsel for the Company or another enterprise, or (iv) information or records given or reports made to the Company or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or another enterprise. The term “another enterprise” as used in this Section 5.3 shall mean any other corporation or partnership, joint venture, trust, employee benefit plan or other enterprise of which the Indemnitee is or was serving at the request of the Company as an officer, director, partner, trustee, employee, adviser or agent. The provisions of this Section 5.3 shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in Sections 1,2, or 4 hereof, as the case may be.

5.4 SUCCESS ON MERITS OR OTHERWISE. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee has been successful on the merits or otherwise in defense of any action, suit or proceeding described in Sections 1 or 2 hereof, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys’ fees) actually and reasonably incurred by him in connection with the investigation, defense, settlement or appeal thereof. For purposes of this Section 5.4, the term “successful on the merits or otherwise” shall include, but not be limited to, (i) any termination, withdrawal, or dismissal (with or without prejudice) of any claim, action, suit or proceeding against the Indemnitee without any express finding of liability or guilt against him, and (ii) the expiration of 120 days after the making of any claim or threat of an action, suit or proceeding without the institution of the same and without any promise or payment made to induce a settlement.

5.5 PARTIAL INDEMNIFICATION OR REIMBURSEMENT. If the Indemnitee is entitled under any provision of this Agreement of indemnification and/or reimbursement by the Company for some or a portion of the claims, damages, expenses (including attorneys’ fees), judgments, penalties, fines or amounts paid in settlement by the Indemnitee in connection with the investigation of, defense of, settlement of, appeal of or testimony provided with respect to any action specified in Sections 1, 2, 3 or 4 hereof, but not, however, for the total amount thereof, the Company shall nevertheless indemnify and/or reimburse the Indemnitee for the portion thereof to which the Indemnitee is entitled. The party or parties making the Determination shall determine the portion (if less than all) of such claims, damages, expenses (including attorneys’ fees), judgments, penalties, fines or amounts paid in settlement for which the Indemnitee is entitled to indemnification and/or reimbursement under this Agreement.

6. PROCEDURES FOR DETERMINATION OF WHETHER STANDARDS HAVE BEEN SATISFIED.

6.1 COSTS. All costs of making the Determination required by Section 6 hereof shall be borne solely by the Company, including, but not limited to, the costs of legal counsel, proxy solicitations and judicial determinations. The Company shall also be solely responsible for paying (i) all reasonable expenses incurred by the Indemnitee to enforce this Agreement, including, but not limited to, the costs incurred by the Indemnitee to obtain court-ordered indemnification pursuant to Section 9 hereof regardless of the outcome of any such application or proceeding, and (ii) all costs of defending any suits or proceedings challenging payments to the Indemnitee under this Agreement.

6.2 TIMING OF THE DETERMINATION. The Company shall use its best efforts to make the Determination contemplated by Section 5 hereof promptly. In addition, the Company agrees:

(a) if the Determination is to be made by the Board or a committee thereof, such Determination shall be made not later than 15 days after a written request for a Determination (a "Request") is delivered to the Company by the Indemnitee;

(b) if the Determination is to be made by independent legal counsel, such Determination shall be made not later than 30 days after a Request is delivered to the Company by the Indemnitee; and

(c) if the Determination is to be made by the shareholders of the Company, such Determination shall be made not later than 90 days after a Request is delivered to the Company by the Indemnitee.

The failure to make a Determination within the above-specified time period shall constitute a Determination approving full indemnification or reimbursement of the Indemnitee. Notwithstanding anything herein to the contrary, a Determination may be made in advance of (i) the Indemnitee's payment (or incurring) of expenses with respect to which indemnification or reimbursement is sought, and/or (ii) final disposition of the action, suit or proceeding with respect to which indemnification or reimbursement is sought.

6.3 REASONABLENESS OF EXPENSE. The evaluation and finding as to the reasonableness of expenses incurred by the Indemnitee for purposes of this Agreement shall be made (in the following order or preference) within 15 days of the Indemnitee's delivery to the Company of a Request that includes a reasonable accounting of expenses incurred:

(a) first, by the Board by a majority vote or consent of a quorum consisting of Disinterested Directors; or

(b) next, if a quorum cannot be obtained under subdivision (a), by majority vote or consent of a committee duly designated by the Board (in which designation all directors, whether or not Disinterested Directors, may participate), consisting solely of two or more Disinterested Directors; or

(c) next, if a finding cannot be obtained under either subdivision (a) or (b), by vote or consent of the holders of a majority of the Company's Common Stock.

All expenses shall be considered reasonable for purposes of this Agreement if the finding contemplated by this Section 6.3 is not made within the prescribed time. The finding required by this Section 6.3 may be made in advance of the payment (or incurring) of the expenses for which indemnification or reimbursement is sought.

6.4 PAYMENT OF INDEMNIFIED AMOUNT. Immediately following a Determination that the Indemnitee has met the applicable requirements set forth in Sections 1, 2, 3 or 4 hereof, as the case may be, and the finding of reasonableness of expenses contemplated by Section 6.3 hereof, or the passage of time prescribed for making such determination(s), the Company shall pay to the Indemnitee in cash the amount to which the Indemnitee is entitled to be indemnified and/or reimbursed, as the case may be, without further authorization or action by the Board; provided, however, that the expenses for which indemnification or reimbursement is sought have actually been incurred by the Indemnitee.

6.5 SHAREHOLDER VOTE ON DETERMINATION. Notwithstanding the provisions of the Florida statutes, if the Indemnitee is a shareholder of the Company, the Indemnitee and any other shareholder who is a party to the proceeding for which indemnification or reimbursement is sought shall be entitled to vote on any Determination to be made by the Company's shareholders, including a Determination made pursuant to Section 6.3 hereof. In addition, in connection with each meeting at which a shareholder Determination will be made, the Company shall solicit proxies that expressly include a proposal to indemnify or reimburse the Indemnitee. The Company proxy statement relating to the proposal to indemnify or reimburse the Indemnitee shall not include a recommendation against indemnification or reimbursement.

6.6 SELECTION OF INDEPENDENT LEGAL COUNSEL. If the Determination required under Section 5 is to be made by independent legal counsel, such counsel shall be selected by the Indemnitee with the approval of the Board, which approval shall not be unreasonably withheld. The fees and expenses incurred by counsel in making any Determination (including Determinations pursuant to Section 6.8 hereof) shall be borne solely by the Company regardless of the results of any Determination and, if requested by counsel, the Company shall give such counsel an appropriate written agreement with respect to the payment of their fees and expenses and such other matters as may be reasonably requested by counsel.

6.7 RIGHT OF INDEMNITEE TO APPEAL AN ADVERSE DETERMINATION BY BOARD. If a Determination is made by the Board or a committee thereof that the Indemnitee did not meet the requirements set forth in Sections 1, 2, 3 or 4 hereof upon the written request of the Indemnitee and the Indemnitee's delivery of \$500 to the Company, the Company shall cause a new Determination to be made by the Company's shareholders at the next regular or special meeting of shareholders. Subject to Section 9 hereof, such Determination by the Company's shareholders shall be binding and conclusive for all purposes of this Agreement.

6.8 RIGHT OF INDEMNITEE TO SELECT FORUM FOR DETERMINATION. If, at any time subsequent to the date of this Agreement, "Continuing Directors" do not constitute a majority of the members of the Board, or there is otherwise a change in control of the Company (as contemplated by Item 403(c) of Regulation S-K), then upon the request of the Indemnitee, the Company shall cause the Determination required by Section 5 hereof to be made by independent legal counsel selected by the Indemnitee and approved by the Board (which

approval shall not be unreasonably withheld), which counsel shall be deemed to satisfy the requirements of clause (3) of Section 5 hereof. If none of the legal counsel selected by the Indemnitee are willing and/or able to make the Determination, then the Company shall cause the Determination to be made by a majority vote or consent of a Board committee consisting solely of Continuing Directors. For purposes of this Agreement, a "Continuing Director" means either a member of the Board at the date of this Agreement or a person nominated to serve as a member of the Board by a majority of the then Continuing Directors.

6.9 ACCESS BY INDEMNITEE TO DETERMINATION. The Company shall afford to the Indemnitee and his representatives ample opportunity to present evidence of the facts upon which the Indemnitee relies for indemnification or reimbursement, together with other information relating to any requested Determination. The Company shall also afford the Indemnitee the reasonable opportunity to include such evidence and information in any Company proxy statement relating to a shareholder Determination.

6.10 JUDICIAL DETERMINATIONS IN DERIVATIVE SUITS. In each action or suit described in Section 2 hereof, the Company shall cause its counsel to use its best efforts to obtain from the Court in which such action or suit was brought (i) an express adjudication whether the Indemnitee is liable for negligence or misconduct in the performance of his duty to the Company, and, if the Indemnitee is so liable, (ii) a determination whether and to what extent, despite the adjudication of liability but in view of all the circumstances of the case (including this Agreement), the Indemnitee is fairly and reasonably entitled to indemnification.

7. SCOPE OF INDEMNITY. The actions, suits and proceedings described in Sections 1 and 2 hereof shall include, for purposes of this Agreement, any actions that involve, directly or indirectly, activities of the Indemnitee both in his capacities as a Company director, officer, adviser or agent and actions taken in another capacity while serving as director, officer, adviser or agent, including, but not limited to, actions or proceedings involving (i) compensation paid to the Indemnitee by the Company, (ii) activities by the Indemnitee on behalf of the Company, including actions in which the Indemnitee is plaintiff, (iii) actions alleging a misappropriation of a "corporate opportunity," (iv) responses to a takeover attempt or threatened takeover attempt of the Company, (v) transactions by the Indemnitee in Company securities, and (vi) the Indemnitee's preparation for and appearance (or potential appearance) as a witness in any proceeding relating, directly or indirectly, to the Company. In addition, the Company agrees that, for purposes of this Agreement, all services performed by the Indemnitee on behalf of, in connection with or related to any subsidiary of the Company, any employee benefit plan established for the benefit of employees of the Company or any subsidiary, any corporation or partnership or other entity in which the Company or any subsidiary has a 5% ownership interest, or any other affiliate shall be deemed to be at the request of the Company.

8. ADVANCE FOR EXPENSES.

8.1 MANDATORY ADVANCE. Expenses (including attorneys' fees) incurred by the Indemnitee in investigating, defending, settling or appealing any action, suit or proceeding described in Sections 1 or 2 hereof shall be paid by the Company in advance of the final disposition of such action, suit or proceeding. The Company shall promptly pay the amount of

such expenses to the Indemnitee, but in no event later than 10 days following the Indemnitee's delivery to the Company of a written request for an advance pursuant to this Section 8, together with a reasonable accounting of such expenses.

8.2 **UNDERTAKING TO REPAY.** The Indemnitee hereby undertakes and agrees to repay to the Company any advances made pursuant to this Section 8 if and to the extent that it shall ultimately be found (by final judicial determination from which there is no further right to appeal) that the Indemnitee is not entitled to be indemnified by the Company for such amounts.

8.3 **MISCELLANEOUS.** The Company shall make the advances contemplated by this Section 8 regardless of the Indemnitee's financial ability to make repayment, and regardless whether indemnification of the Indemnitee by the Company will ultimately be required. Any advances and undertakings to repay pursuant to this Section 8 shall be unsecured and interest-free.

9. COURT-ORDERED INDEMNIFICATION.

9.1 Regardless of whether the Indemnitee has met the requirements set forth in Sections 1, 2, 3 or 4 hereof, as the case may be, and notwithstanding the presence or absence of any Determination whether such standards have been satisfied, the Indemnitee may apply for indemnification (and/or reimbursement pursuant to Sections 4 or 13 hereto) to the court conducting any proceeding to which the Indemnitee is a party or to any other court of competent jurisdiction. On receipt of an application, the court, after giving any notice the court considers necessary, may order indemnification (and/or reimbursement) if it determines the Indemnitee is fairly and reasonably entitled to indemnification (and/or reimbursement) in view of all the relevant circumstances (including this Agreement).

9.2 The right to indemnification and advances as provided by this Agreement shall be enforceable by Indemnitee in an action in any court of competent jurisdiction. In such an action, the burden of proving that indemnification is not required hereunder shall be on the Company. Neither the failure of the Company (including its Board and independent legal counsel) to have made a Determination prior to the commencement of such an action that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual Determination by the Company (including its Board and independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to such an action or create a presumption that Indemnitee has not met the applicable standard of conduct. Indemnitee's expenses reasonably incurred in connection with establishing his right to indemnification, in whole or in part, in connection with any proceeding shall also be indemnified by the Company.

10. **NONDISCLOSURE OF PAYMENTS.** Except as expressly required by federal securities laws, neither party shall disclose any payments under this Agreement unless prior approval of the other party is obtained. Any payments to the Indemnitee that must be disclosed shall, unless otherwise required by law, be described only in the Company's proxy or information statements relating to special and/or annual meetings of the Company's shareholders, and the Company shall afford the Indemnitee the reasonable opportunity to

review all such disclosures and, if requested, to explain in such statement any mitigating circumstances regarding the events reported.

11. COVENANT NOT TO SUE, LIMITATION OF ACTIONS AND RELEASE OF CLAIMS. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company (or any of its subsidiaries) against the Indemnitee, his spouse, heirs, executors, personal representatives or administrators after the expiration of 2 years from the date of the Indemnitee ceases (for any reason) to serve as either an officer, director, adviser or agent of the Company, and any claim or cause of action of the Company (or any of its subsidiaries) shall be extinguished and deemed released unless asserted by filing of a legal action within such 2-year period.

12. INDEMNIFICATION OF INDEMNITEE'S ESTATE. Notwithstanding any other provision of this Agreement, if the Indemnitee is deceased, and indemnification of the Indemnitee would be permitted and/or required under this Agreement, the Company shall indemnify and hold harmless the Indemnitee's estate, spouse, heirs, administrators, personal representatives and executors (collectively the "Indemnitee's Estate") against, and the Company shall assume, any and all claims, damages, expenses (including attorneys' fees), penalties, judgments, fines and amounts paid in settlement actually incurred by the Indemnitee or the Indemnitee's Estate in connection with the investigation, defense, settlement or appeal of any action described in Sections 1, 2 or 4 hereof.

13. MISCELLANEOUS.

13.1 NOTICE. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered when sent by facsimile with receipt confirmed or deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, or by overnight courier addressed to the parties at the address first stated herein, or to such other address as either party hereto shall from time to time designate to the other party by notice in writing as provided herein.

13.2 ENTIRE AGREEMENT. This Agreement constitutes the entire Agreement between the parties hereto with respect to the subject matter hereof. It supercedes all prior negotiations, letters and understandings relating to the subject matter hereof.

13.3 NON-EXCLUSIVITY. The rights of indemnification and reimbursement provided in this Agreement shall be in addition to any rights to which the Indemnitee may otherwise be entitled under the Company's Articles of Incorporation or By-Lays or any statute, agreement, vote of shareholders or otherwise.

13.4 SEVERABILITY. The invalidity, illegality or unenforceability of any provision or provisions of this Agreement will not affect any other provision of this Agreement, which will remain in full force and effect, nor will the invalidity, illegality or unenforceability of a portion of any provision of this Agreement affect the balance of such provision. In the event that any one or more of the provisions contained in this Agreement or any portion thereof shall for any reason be held to be invalid, illegal or unenforceable in any respect, this Agreement shall be

reformed, construed and enforced as is such invalid, illegal or unenforceable provision had never been contained herein.

13.5 SAVING CLAUSE. If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify Indemnitee as to expenses, judgments, fines and penalties with respect to any proceeding to the full extent permitted by any applicable portion of Agreement that shall not have been invalidated or by any applicable law.

13.6 COOPERATION AND INTENT. The Company shall cooperate in good faith with the Indemnitee and use its best efforts to ensure that the Indemnitee is indemnified and/or reimbursed for liabilities described herein to the fullest extent permitted by law.

13.7 SECURITY. To the fullest extent permitted by applicable law, the Company may from time to time, but shall not be required to, provide such insurance, collateral, letters of credit or other security devices as its Board may deem appropriate to support or secure the Company's obligations under this Agreement.

13.8 CHOICE OF LAW. This Agreement will be interpreted, construed and enforced in accordance with the laws of the State of Florida, without giving effect to the application of the principles pertaining to conflicts of laws.

13.9 AMENDMENT. This Agreement may not be amended, supplemented or modified in whole or in part except by an instrument in writing signed by the party or parties against whom enforcement of any such amendment, supplement or modification is sought.

13.10 BINDING EFFECT. The obligations of the Company to the Indemnitee hereunder shall survive and continue as to the Indemnitee even if the Indemnitee ceases to be a director, officer, employee, adviser and/or agent of the Company. Each and all of the covenants, terms and provisions of this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company and, upon the death of the Indemnitee, to the benefit of the estate, heirs, executors, administrators and personal representatives of the Indemnitee.

13.11 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which will be deemed an original.

13.12 EFFECTIVE DATE. The provisions of this Agreement shall cover claims, actions, suits and proceedings whether now pending or hereafter commenced and shall be retroactive to cover acts or omissions or alleged acts or omissions which heretofore have taken place.

13.13 EFFECT OF WAIVER. The failure of any party at any time or times to require performance of any provision of this Agreement will in no manner affect the right to enforce the same. The waiver by any party of any breach of any provision of this Agreement will not be construed to be a waiver by any such party of any succeeding breach of that provision or a waiver by such party of any breach of any other provision.

13.14 ENFORCEMENT. Should it become necessary for any party to institute legal action to enforce the terms and conditions of this Agreement, the successful party will be awarded reasonable attorneys' fees at all trial and appellate levels, expenses and costs. Any suit, action or proceeding with respect to this Agreement shall be brought in the courts of Broward County in the State of Florida or in the U.S. District Court for the Southern District of Florida. The parties hereto hereby accept the exclusive jurisdiction of those courts for the purpose of any such suit, action or proceeding.

Venue for any such action, in addition to any other venue permitted by statute, will be Broward County, Florida. The parties hereto hereby irrevocably waive, to the fullest extent permitted by law, any objection that any of them may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any judgment entered by any court in respect thereof brought in Broward County, Florida, and hereby further irrevocably waive any claim that any suit, action or proceeding brought in Broward County, Florida, has been brought in an inconvenient forum.

The parties hereto acknowledge and agree that any party's remedy at law for a breach or threatened breach of any of the provisions of this Agreement would be inadequate and such breach or threatened breach shall be per se deemed as causing irreparable harm to such party. Therefore, in the event of such breach or threatened breach, the parties hereto agree that, in addition to any available remedy at law, including but not limited to monetary damages, an aggrieved party, without posting any bond, shall be entitled to obtain, and the offending party agrees not to oppose the aggrieved party's request for, equitable relief in the form of specific enforcement, temporary restraining order, temporary or permanent injunction, or any other equitable remedy that may then be available to the aggrieved party.

IN WITNESS WHEREOF, this Agreement is dated as of the day and year first above written.

21st CENTURY HOLDING COMPANY

By: /s/ Edward J. Lawson
Name: EDWARD J. LAWSON
Title: PRESIDENT and CHAIRMAN

THE INDEMNITEE

 /s/ Peter J. Prygelski
PETER J. PRYGELSKI