



## Statement of Policy with respect to Related Party Transactions

### A. Introduction.

The Board of Directors recognizes that related party transactions present a heightened risk of conflicts of interest and/or improper valuation (or the perception thereof) and therefore has adopted this policy which shall be followed in connection with all related party transactions involving the Company.

Under this policy, any "Related Party Transaction" shall be consummated or shall continue only if:

1. if the transaction is not an employment arrangement:
  - a. the Audit Committee shall approve or ratify such transaction in accordance with the guidelines set forth in the policy and if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party; or
  - b. the transaction is approved by the disinterested members of the Board of Directors.
2. if the transaction is an employment arrangement, the transaction is approved by the Company's Compensation Committee.

For these purposes, a "Related Party" is:

1. a senior officer (which shall include at a minimum each Section 16 officer) or director of the Company
2. a shareholder owning in excess of five percent of the Company (or its controlled affiliates)
3. a person who is an immediate family member of a senior officer or director
4. an entity which is owned or controlled by someone listed in 1, 2 or 3 above, or an entity in which someone listed in 1, 2 or 3 above has a substantial ownership interest or control of such entity.

For these purposes, a "Related Party Transaction" is a transaction between the Company and any Related Party (including any transactions requiring disclosure under Item 404 of Regulation S-K under the Securities Exchange Act of 1934), other than:

1. transactions available to all employees generally

2. transactions involving less than \$5,000 when aggregated with all similar transactions.

### **B. Audit Committee Approval**

The Board of Directors has determined that the Audit Committee of the Board is best suited to review and approve Related Party Transactions. Related Party Transactions may be presented to the Committee for approval or preliminarily entered into by management subject to ratification by the Committee; provided that (a) if ratification shall not be forthcoming, management shall make all reasonable efforts to cancel or annul such transaction; and (b) if ratification is forthcoming, at each subsequently scheduled meeting, management shall update the Committee as to any material change to those proposed transactions. Management recommendations regarding Related Party Transactions shall include the proposed aggregate value of such transactions, if possible.

### **C. Disclosure**

All Related Party Transactions are to be disclosed in the Company's applicable filings as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules. Furthermore, all Related Party Transactions shall be disclosed to the Audit Committee of the Board and any material Related Party Transaction shall be disclosed to the full Board of Directors.

### **D. Other Agreements**

Management shall assure that all Related Party Transactions are approved in accordance with any requirements of the Company's financing agreements.