



Policy and Procedures for Reviewing Related Party Transactions

Policy

The Company recognizes that Related Party Transactions (as defined later) can present potential or actual conflicts of interest and create the appearance that Company decisions are based on considerations other than the best interests of the Company and its stockholders. Accordingly, it is the Company's preference generally to avoid all Related Party Transactions.

The Company recognizes, however, that there may be situations where Related Person Transactions may be in or not inconsistent with the best interests of the Company and its stockholders. The Company has therefore adopted the following procedures for the review, approval or ratification of Related Party Transactions.

Definitions

A **Related Party** is

- any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company,
- any person who is known to be the beneficial owner of more than 5% of the Company's common stock, or
- any immediate family member of a person described in one of the first two bullet points, and in this regard, an **immediate family member** means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of, or anyone (other than an employee or tenant) sharing the household of, a person described in one of the first two bullet points, or
- a firm, corporation or other entity at which a person described in one of the first three bullet points is employed or in which he or she is a partner or principal or in a similar position or has a 5% or greater beneficial ownership interest.

A **Related Party Transaction** is any financial or other transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships), including any indebtedness or guarantee of indebtedness, in which

- the Company (or any subsidiary) was, is or will be a participant
- the aggregate amount involved exceeds \$100,000, and
- any Related Party had, has or will have a direct or indirect interest.

Procedures

The Audit Committee of the Board of Directors shall review each Related Party Transaction in advance and either approve or disapprove of the Company's entering into the Related Party Transaction. The Company shall not enter into any Related Party Transaction that the Audit Committee has disapproved.

The Audit Committee shall consider all of the relevant facts and circumstances available to the Committee,

including, as applicable:

- the benefits to the Company
- the effect on the director's independence if the Related Party is a director, an immediately family member of a director, or a firm, company or other entity in which a director or an immediate family of a director a firm is employed or is a partner or principal or in a similar position or has a 5% or greater beneficial ownership interest
- the availability of other sources for comparable products or services
- the terms of the transaction, and
- the terms available to unrelated third parties or to employees generally.

No member of the Audit Committee shall participate in any review or approval (or ratification) of any Related Party Transaction in respect of which he or she or any member of his or her immediate family is the Related Person.

The Audit Committee shall approve (or ratify) a Related Party Transactions if and only if it is in or not inconsistent with the best interests of the Company and its stockholders, as the Audit Committee determines in good faith.

If any executive officer of the Company becomes aware of a Related Party Transaction that the Audit Committee has not approved or ratified, he or she shall promptly inform the Committee. The Audit Committee shall consider all of the relevant facts and circumstances available to the Committee, and

- if the Related Party Transaction is pending or ongoing, the Committee may ratify, amend or terminate the transaction
- if the Related Party Transaction has been completed, the Committee may ratify or rescind the transaction, and
- in either case, the Committee may direct one or more executive officers, the Company's internal auditors, or the Company's independent public accountants to evaluate the Company's internal controls and procedures to determine why the transaction was not submitted to the Committee for prior approval and to report whether any changes to the Company's internal controls and procedures are recommended.

Exclusions from Review

The following types of Related Party Transactions shall not be subject to review by the Audit Committee.

- any employment by the Company of an executive officer if:
 - the executive officer's compensation is required to be reported in the Company's proxy statement under Item 402 of SEC Regulation S-K (which is generally applicable to "named executive officers"), or
 - (i) the executive officer is not an immediate family member of another executive officer or director of the Company, (ii) the executive officer's compensation would be reported in the Company's proxy statement under Item 402 of Regulation S-K if the executive officer were a "named executive officer," and (iii) the Compensation Committee of the Board of Directors approved (or recommended that the Board approve) the executive officer's compensation,
- any compensation paid to a director if the compensation is required to be reported in the Company's proxy statement under Item 402 of Regulation S-K.