

POLICY AND PROCEDURES WITH RESPECT TO RELATED PERSON TRANSACTIONS

A. POLICY

The Company recognizes that Related Person Transactions (as defined below) may raise questions as to whether those transactions are consistent with the best interests of the Company and its shareholders. It is the Company's policy to enter into or ratify Related Person Transactions only when the Board of Directors, acting through the Audit Committee or as otherwise described herein, determines that the Related Person Transaction in question is in, or is not inconsistent with, the best interests of the Company and its shareholders, including but not limited to situations in which the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides products or services to Related Persons (as defined below) on an arm's-length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. Therefore, the Company has adopted the procedures set forth below for the review, approval or ratification of Related Person Transactions.

This policy has been approved by the Audit Committee of the Board of Directors. The Audit Committee will review this policy annually and recommend any amendments to the Board of Directors for consideration.

B. DEFINITIONS

1. An "immediate family member" means any 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.
2. A "Related Person" is:
 - a. an executive officer of the Company;
 - b. a director, or nominee for director, of the Company;
 - c. a shareholder beneficially owning in excess of five percent of any class of the Company's voting securities ("**Five-Percent Shareholder**");
 - d. a person who is an immediate family member of an executive officer, director, director nominee or a Five-Percent Shareholder;
or
 - e. an entity in which a person listed in a. through d. above has a ten percent or greater interest or for which such person serves as an officer, a general partner or in a similar capacity.

3. A “Related Person Transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company or an affiliate of the Company is a participant, which involves an amount exceeding \$120,000, and in which a Related Person has a direct or indirect interest, other than loans subject to Regulation O promulgated by the Board of Governors of the Federal Reserve System.

C. APPROVAL PROCEDURES

The Board of Directors has determined that the Audit Committee of the Board is best suited to review and approve Related Person Transactions.

1. Prior to entering into a Related Person Transaction, the Related Person shall provide notice to the Company’s Chief Financial Officer of the facts and circumstances of the proposed Related Person Transaction, including: (i) the Related Person’s relationship to the Company and interest in the transaction; (ii) the material facts of the proposed Related Person Transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved; (iii) the benefits to the Company of the proposed Related Person Transaction; (iv) if applicable, the availability of other sources of comparable products or services; and (v) an assessment of whether the proposed Related Person Transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally. The Audit Committee will assess whether the proposed transaction is a Related Person Transaction for purposes of this policy.
2. If the Chief Financial Officer determines that the proposed transaction is a Related Person Transaction, the proposed Related Person Transaction shall be submitted to the Audit Committee for consideration at the next Audit Committee meeting; provided, however, that in those instances in which the Chief Financial Officer, in consultation with the Company’s Chief Executive Officer, determines that it is not practicable or desirable for the Company to wait until the next Audit Committee meeting or to call a special meeting, the proposed Related Party Transaction shall be submitted to the Chair of the Audit Committee, who shall possess delegated authority to act between Audit Committee meetings.
3. The Audit Committee, or where submitted to the Chair, the Chair, shall consider all of the relevant facts and circumstances available to the Audit Committee or the Chair, including (if applicable) but not limited to: the benefits to the Company; the impact on a director’s independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a shareholder or serves as an officer, a partner, or in a similar capacity; 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, consideration or approval of any Related Person Transaction with respect to which such member or any of his

or her immediate family members is the Related Person. The Audit Committee (or the Chair) shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders, as the Audit Committee (or the Chair) determines in good faith. The Audit Committee or Chair, as applicable, shall convey the decision to the appropriate persons within the Company.

4. The Chair of the Audit Committee shall report to the Audit Committee at the next Audit Committee meeting regarding any approval under this policy pursuant to delegated authority.

D. RATIFICATION PROCEDURES

The accounting staff, under the supervision of the Chief Financial Officer, shall produce quarterly reports of any amounts paid or payable to, or received or receivable from, any Related Person, and those reports shall be provided to the Audit Committee to determine if there are any Related Person Transactions that were not previously approved or previously ratified under this policy.

In the event the Company's Chief Executive Officer or Chief Financial Officer becomes aware of a Related Person Transaction that has not been previously approved or previously ratified under this policy:

1. If the transaction is pending or ongoing, it will be submitted to the Audit Committee or Chair of the Audit Committee promptly, and the Audit Committee or Chair shall consider all of the relevant facts and circumstances available to the Audit Committee or the Chair, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a shareholder or serves as an officer, a partner, or in a similar capacity; 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. Based on the conclusions reached, the Audit Committee or the Chair shall evaluate all options, including but not limited to ratification, amendment or termination of the Related Person Transaction; and
2. If the transaction has been completed, the Audit Committee or Chair of the Audit Committee shall evaluate the transaction, taking into account the same factors described above, to determine if rescission of the transaction and/or any disciplinary action is appropriate, and shall request that the Audit Committee evaluate the Company's controls and procedures to ascertain the reason the transaction was not submitted to the Audit Committee or Chair for prior approval and whether any changes to these procedures are recommended.

E. REVIEW OF ONGOING TRANSACTIONS

At the Audit Committee's first meeting of each fiscal year, the Audit Committee shall review any previously approved or ratified Related Person Transactions that remain

ongoing and have a remaining term of more than six months or remaining amounts payable to or receivable from the Company of more than \$5,000. Based on all relevant facts and circumstances, taking into consideration the Company's contractual obligations, the Audit Committee shall determine if it is in the best interests of the Company and its shareholders to continue, modify or terminate the Related Person Transaction.

F. DISCLOSURE

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

G. OTHER REQUIREMENTS AND OBLIGATIONS

Management shall assure that all Related Person Transactions are approved in accordance with any regulatory requirements or contractual obligations to which of the Company is subject.