Form Of Summary Memorandum
And Sample Corporate Policy
On Insider Trading

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To: Senior Management and Board of Directors

This is a brief overview of the law and lore of insider trading and a sample policy that may deter insider trading. Such a policy, if effectively implemented, can serve two important functions. First, by advising employees of the prohibitions against insider trading and monitoring the trading activities of its employees, the Company can minimize the likelihood of insider trading. Second, the adoption and enforcement of procedures designed to eliminate insider trading can provide the Company with a defense against controlling person liability for the misdeeds of its employees.

The Law and Lore of Insider Trading

The Company is a public company whose common stock is actively traded. Federal securities statutes and case law generally make it unlawful for any person to trade in the Company’s stock and other securities, while in possession of

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“material” and “non-public” information concerning the Company. “Material” information is information that would be considered important by a reasonable investor in making an investment decision. See Basic Inc. v. Levinson, 485 U.S. 224 (1988); TSC Industries, Inc. v. Northway, Inc., 426 U.S. 438 (1976).

Securities laws also prohibit, under a “misappropriation theory,” an employee from trading in the securities of another company while in possession of material non-public information about that company obtained in violation of a duty owed to the company. See United States v. O’Hagan, 521 U.S. 642 (1997). As the Supreme Court said in O’Hagan, a person commits fraud and violates the federal securities laws “when he misappropriates confidential information for securities trading purposes, in breach of a duty owed to the source of the information.” Id. Rule 10b5-2, effective October 23, 2000, and promulgated under Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), sets forth a non-exclusive definition of when an individual has a duty of trust or confidence for purposes of the misappropriation theory. Such a duty is created when an individual agrees to keep corporate information confidential, when there is a history, pattern, or practice that creates a reasonable expectation of confidence, or when an individual receives material non-public information from his or her spouse, parent, child, or sibling.

It is also unlawful to pass material non-public information to outsiders who may trade. This practice, known as “tipping,” involves providing material non-public information to any person who might be expected to trade while in possession of that information. See Dirks v. SEC, 463 U.S. 646 (1983).

The term “trading” includes both purchases and sales of securities, including purchases and sales of options and warrants on securities, as well as short sales. The prohibition only applies, however, to information that is “material,” that is, information that a reasonable investor would consider important to an investment decision. See Basic, 485 U.S. at 231-32; TSC Industries, Inc, 426 U.S. at 449. It is impossible to list all types of information that a court might deem material. However, courts have found that information dealing with the following subjects is material: (1) earnings estimates; (2) significant write-offs or significant increases in reserves; (3) significant new products; (4) major changes in management; (5) proposals, plans, negotiations, or agreements, even if preliminary in nature, involving significant corporate transactions, such as mergers, tender offers, joint ventures, or purchases or sales of substantial assets; (6) public offerings; and (7) significant litigation or government agency investigations.

Under the federal securities laws, the term “non-public” information refers to information that companies have not widely disseminated to the public. See SEC v. Texas Gulf Sulphur, 401 F.2d 833 (2d Cir. 1968). Courts will generally consider
information widely disseminated if companies have disclosed it in, for example, daily newspapers or widely circulated public disclosure documents, such as prospectuses, quarterly and annual reports, and proxy statements. As a rule of thumb, companies generally allow one to three days (depending on the nature of the market for the company's securities) after public disclosure of information (a press release, for example) regarding the company for investors to absorb the information and the company to treat the information as public. Non-public information may include, in addition to corporate developments not yet announced, information available to analysts, brokers, or institutional investors and undisclosed facts that confirm or disprove widely circulated rumors; disclosure to analysts, for example, does not constitute public disclosure and such intentional selective disclosure, in addition to being highly risky, is prohibited under Regulation FD unless simultaneous public disclosure of the information is made. Any person employed by the Company should refrain from tipping and from trading while in possession of material non-public information.

Finally, Rule 10b5-1, effective October 23, 2000, and promulgated under Section 10(b) of the Exchange Act, sets forth an "awareness" test, premising liability on trading while in the knowing possession of material non-public information. Rule 10b5-1 also provides affirmative defenses for anyone who sells or purchases stock at a time when he or she is in possession of material non-public information, provided that: (i) before becoming aware of the inside information, the person had in good faith (a) entered into a binding contract to trade, (b) instructed another person to trade, or (c) adopted a written plan; and (ii) the contract, instruction, or plan either (a) specifies or provides the written formula or mechanism for determining the amount, price, and date of the transactions, or (b) does not permit the insider to exercise any subsequent influence over how, when, or whether to effect sales or purchases, and any person who does exercise such influence is not aware of material, non-public information when doing so.

The Risk of Insider Trading

Corporate Employees

Corporate employees may be liable for illegal insider trading. Under Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, the Securities and Exchange Commission ("SEC" or "Commission") has long had authority to bring an injunctive action in federal district court and obtain disgorgement of profits from or losses avoided as a result of insider trading or tipping. In response to widespread concern that injunctions and disgorgement were insufficient to deter insiders from trading on the basis of material non-public information, Congress passed the Insider Trading Sanctions Act ("ITSA"). 15 U.S.C. §78u (1984). ITSA substan-
tially raised the costs of illegal insider trading. In addition to disgorgement, the SEC can now seek a civil penalty in an amount up to three times the profit gained or loss avoided as a result of the violation. Both the tippee who traded and the person who tipped the inside information to the trader are subject to this penalty. 15 U.S.C. §78u-1(a)(2).

Section 32(a) of the Exchange Act also authorizes a court to impose fines of up to $5 million and prison terms of up to 20 years on persons convicted of insider trading. If the defendant in such a criminal action is an entity, a court may impose a fine of up to $25 million.

In 1988, Congress enhanced the statutory authority to bring private actions for insider trading with the passage of the Insider Trading and Securities Fraud Enforcement Act (“ITSFEA”). 15 U.S.C. § 78u-1 (1988). Among other things, ITSFEA created Exchange Act Section 20A, which expressly gives certain private persons the right to file an action in federal district court against persons who trade on the basis of material non-public information. Only plaintiffs who traded contemporaneously with and in the same securities as the insider trader can maintain an action under this provision. Moreover, Section 20A claims are limited to the profit gained or loss avoided as a result of the unlawful trading. Because of these restrictions, contemporaneous traders have initiated few suits. On the other hand, the courts have vigorously enforced insider trading prohibitions in SEC injunctive actions and criminal prosecutions.

**Corporate Employers**

Corporate employers may also be held liable for the insider trading violations of their employees. The SEC has attempted to impose insider trading liability on employers by asserting common law *respondeat superior* and aiding and abetting theories. These theories, however, have had limited usefulness in insider trading actions.

The SEC also sought to impose insider trading liability on employers by exercising its powers under existing statutes. Section 20(a) of the Exchange Act authorizes the Commission to bring actions against persons who control securities law violators. The Exchange Act does not define the term “control.” Some courts have found a control relationship where the evidence indicates that the controlling person has the power to influence the conduct or transaction forming the basis for liability. See, e.g., *Brown v. Enstar Group, Inc.*, 84 F.3d 393 (11th Cir. 1996), *cert. denied*, 519 U.S. 1112 (1997). Other courts have required an additional showing that the controlling person exercised control generally over the primary violator. See, e.g., *Harrison v. Dean Witter Reynolds, Inc.*, 974 F.2d 873 (7th Cir. 1992), *cert. denied*, 509 U.S. 904 (1993). It is not necessary, however, to show participation in the unlaw-
ful conduct itself. See *Martin v. Shearson Lehman Hutton, Inc.*, 986 F.2d 242 (8th Cir. 1993)(authority to discipline employee’s conduct was sufficient to establish control), *cert. denied*, 510 U.S. 861 (1993). As a result of these broad definitions, the range of persons potentially subject to “controlling person” liability may include not only the corporate employer but also employees with supervisory authority, officers and directors of the employer, controlling shareholders, and parent corporations. The existence of control by itself, however, does not necessarily result in liability. The control person may avoid liability under Section 20(a) by showing that he or she acted in good faith and did not directly or indirectly induce the violation.

The passage of ITSFEA in 1988 expanded the Commission’s ability to sanction controlling persons for insider trading violations. Under Section 20(a), the Commission can only obtain disgorgement from a control person in an injunctive action. Section 21A enables the Commission to obtain a civil penalty of up to the greater of $1 million or three times the profit gained or loss avoided as a result of the controlled person’s violation. Under Section 21A, a controlling person may be subject to such sanctions if he or she “knew or recklessly disregarded the fact that such controlled person was likely to engage in the act or acts constituting the violation and failed to take appropriate steps to prevent such act or acts before they occurred.” However, if the primary violation is a tipping violation, Section 21A limits the penalty against the recipient of such information to the profit made or loss avoided.

In addition to any potential civil sanctions, Section 32(a) of the Exchange Act authorizes criminal prosecutions against employers as the controlling person of employees who engage in insider trading violations. A company convicted under this section may be subject to fines of up to $2.5 million. If a court convicts an individual as a controlling person, it may fine that individual up to $1 million and impose a 10-year prison term.

Finally, private plaintiffs may bring claims against employers under Section 10(b) for the insider trading violations of their employees based on the controlling person provisions of Section 20(a) and subject to that section’s good faith defense.

In addition, contemporaneous traders may bring actions against employers under Section 20A, subject also to the good faith defense set forth in Section 20(a). Private plaintiffs also may assert claims against employers based on *respondeat superior*, although such claims suffer from the same defects as SEC claims in enforcement actions. Since the Supreme Court’s decision in *Central Bank*, aiding and abetting theories are not available to private plaintiffs alleging Section 10(b) violations. See *Central Bank v. First Interstate Bank*, 511 U.S. 164 (1994).
Compliance with Insider Trading Laws

For their own protection and the protection of their employees, companies are increasingly adopting and implementing insider trading compliance programs. Such policies, if effectively implemented, can minimize the likelihood that insider trading will occur and can provide companies with a good faith defense against controlling person liability for the misdeeds of their employees. Similarly, a company’s due diligence in seeking to prevent employee misconduct can be a mitigating factor in the sentencing phase. See U.S.S.G. §8C2.5

Insider trading policies take different forms and contain different provisions depending upon, among other things, the size of the company, the extent of the trading market for its stock, the likelihood that employees will be exposed to non-public information, and the concerns and interests of the company’s management. Some companies have a separate insider trading policy, while other companies may incorporate their insider trading policy into an employee code of conduct. The Company may also consider adopting a separate insider trading policy for officers and directors, who are likely to have more frequent access to non-public information. Whatever policy the Company eventually adopts, it may consider the following provisions: 1) a statement of policy against insider trading; 2) a statement regarding prohibited transactions; and 3) a statement on preclearance of trades.

The Statement of Policy Against Insider Trading

The Company’s statement of policy against insider trading should make it clear that the law prohibits employees from trading on the basis of material non-public information obtained in the course of their employment. The policy should also cover the securities of other companies about which the employees obtain non-public information.

In addition, the statement should advise employees that the prohibitions apply to trading in their own accounts as well as in other accounts, such as children and spouse accounts, over which they may have trading authority or in which they have a beneficial interest. Similarly, the policy should make it clear that the employee may not tip non-public information to others, including the employee’s spouse and family.

Furthermore, the insider trading policy should include discussion of the meaning of key terms, such as “material,” “non-public,” “trading,” and “tipping,” with examples of each to illustrate their scope. The policy also should specifically state that if the employee has any doubts about the applicability of any part of the policy to a contemplated transaction, he or she should consult with the designated compliance officer. For a discussion on what constitutes a designated compliance officer see below.
Finally, the policy should contain a provision describing the potential legal and employment-related consequences of an insider trading violation. In this respect, the policy should inform the employee that trading on the basis of material non-public information may violate both civil and criminal provisions of the federal securities laws and may subject the employee to substantial fines and imprisonment. Moreover, the policy should advise the employee that courts may prosecute the Company as well as supervisors and managers of employees who engage in insider trading violations as "controlling persons."

**Prohibited Transactions**

Under the Sarbanes-Oxley Act of 2002 (the "Act"), directors and officers are prohibited from purchasing or selling any of the Company’s equity securities (other than an exempted security) during "blackout periods" applicable to the Company’s pension plans, if the shares were acquired in connection with the person’s service as a director or officer. Blackout periods are generally defined as periods during which plan participants or beneficiaries are restricted from trading in the public markets. The Act requires issuers to provide “timely” notice of any blackout period to the SEC and the director or officer who is subject to the blackout trading prohibitions. In addition, pursuant to the provisions of the Act relating to the Employee Retirement Income Security Act of 1974, the Company must provide notice of any blackout period to the affected participants and beneficiaries.

In addition, the Company’s policy may prohibit or restrict certain kinds of transactions in the Company’s stock that may increase the risk of liability for the employee or the employer. Such transactions may include: (1) short-term trading, such as sales less than six months after purchase, (2) short sales, (3) options trading, and (4) trading on margin.

**Preclearance of Trades**

The Company’s policy may also contain provisions for preclearance of all trades in the Company’s securities by certain employees who, because of their position in the Company, may frequently have access to confidential information about the company. These employees may include officers, directors, and other key employees of the Company. The actual number of employees subject to preclearance should be small enough to enable the compliance officer or committee to make preclearing decisions promptly.

The policy should clearly spell out the procedures for obtaining preclearance, so that both the employee and the compliance officer understand their obligations. The policy may specify that the grant of approval of a trade will remain
effective for a specified number of days. The policy also may require the employee to provide duplicate confirmations of precleared transactions to the compliance officer. The policy should require the compliance officer to document and maintain records relating to the preclearing request, the date of grant or denial, and other pertinent information.

Finally, the Company’s policy may provide that requests for preclearance will most likely be granted during so-called window periods, that is, periods following the public dissemination of significant corporate information. In all cases, the policy should provide for a reasonable period of time to allow the information to be disseminated to and evaluated by the market. Such window periods may include: (1) a specified period following the dissemination of annual reports to shareholders; (2) the period following the release of the Company’s quarterly results; (3) the period following the release of other material information about the Company; and (4) periods during which there is relative stability in the Company’s operations and the market for its securities.

**Trades Under the Rule 10b5-1 Safe Harbor**

The Company’s policy may explicitly exempt from its pre-approval requirement those insider transactions made pursuant to a previously established contract, plan, or arrangement in accordance with Rule 10b5-1. In order to satisfy the Rule 10b5-1 safe harbor, the contract, plan, or arrangement must be bona fide and documented in writing. At the time the insider entered into it, the insider must not have possessed any material inside information about the Company. The contract, plan, or arrangement must either (1) specify the type of securities to be traded, the number of shares and/or the price per share or dates of trades, or other formula defining the transactions to be effected; or (2) provide a third party irrevocable authority to effect such transactions at its own discretion, so long as the third party does not possess material inside information about the Company at the time of the transaction.

The Company may require that the insider provide a copy of any such contract, plan, or arrangement to the Company’s compliance officer for review and approval, before any trades occur thereunder. This will provide the Company the opportunity to satisfy itself that the arrangement satisfies the criteria of Rule 10b5-1. If, at the time an insider presents a pre-arranged trading plan to the Company, there exists undisclosed material information about the Company as to which the insider may have knowledge, the Company should delay implementation of the plan by the insider until such information has been publicly disclosed. Similarly, any revision or amendment to the contract, plan, or arrangement should be presented to the Company for review or approval, and if there exists undisclosed
material information about the Company, implementation of the revision or amendment should be delayed until the information has been publicly disclosed.

Mandatory review and ongoing monitoring of an insider’s pre-arranged trading plan will also assist the Company in ensuring: (1) prompt filings of Forms 3, 4, or 5 with respect to specific transactions, if required under Section 16; (2) compliance with Rule 144, if required; and (3) cessation of pre-arranged trades during any period when a lockup is imposed on insiders.

The Company may consider, on a case-by-case basis, whether it is advisable to announce publicly (whether by press release, on the Company website, or otherwise) that a key insider has established a pre-arranged plan at the time the plan is entered into, in order to mitigate potentially adverse publicity if a programmed trade on behalf of that insider occurs on some later date when the insider is in possession of material non-public information about the Company.

**Implementation and Enforcement**

The Company should implement and enforce the policy rigorously. In doing so, the Company may consider circulating its policy at least annually. A policy that is not enforced effectively often is more perilous than no policy at all. A court may conclude that a company that consistently fails to enforce its insider trading policy has not shown good faith (for purposes of Section 20(a)) or has been reckless (satisfying an element of proof under Section 21A).

To ensure adequate implementation and enforcement, the Company should appoint a high-level employee to be a compliance officer or a group of high level employees to serve as a committee responsible for compliance. Appointing high-level employees to this position will underscore the Company’s determination to enforce its policy. The duties of a compliance officer or committee should include: (1) ensuring that copies of the Company’s current insider trading policy are provided to all employees; (2) ensuring that the Company obtain and maintain written acknowledgments from employees that they have read the policy; (3) overseeing the responses to questions from individual employees; (4) providing for employee training sessions; (5) preclearing trades, if required; and (6) ensuring that relevant files on policy compliance and implementation are maintained.

In addition, the Company may require some or all employees to notify the compliance officer of all trades in the Company’s securities, and to provide duplicate confirmations of trades in the Company’s securities.

Finally, the Company should apply special restrictions to officers and directors, who are most likely to possess non-public information about major corporate announcements. To avoid even the appearance of trading on inside informa-
tion, the Company may provide that such employees may not trade in the Company’s securities during “blackout” periods, i.e. specified periods before and immediately after the public dissemination of material information about the Company. Blackout periods may occur, for example, when the Company releases earnings statements, announces dividends or any significant business transaction, or disseminates reports to shareholders. Alternatively, they may allow trading only during a relatively short time period immediately following quarterly or annual reports that fully apprise the public of Company developments.

SAMPLE CORPORATE POLICY ON INSIDER TRADING

This Statement sets forth the policies of the Corporation on trading and causing the trading of securities while in possession of confidential information. These policies apply to all (i) directors of the Corporation; (ii) officers of the Corporation [and its subsidiaries] of the level of Vice President and above; and (iii) specifically “Covered Persons” in accounting, finance, legal and other departments.

1. The Basic Policy—No Trading or Causing Trading While in Possession of Material Non-public Information

   (a) No person associated with the Corporation may purchase or sell any security, whether or not issued by the Corporation, while in possession of material non-public information concerning the security. (The terms “material” and “non-public” are defined in Section 2 below.)

   (b) No person associated with the Corporation who knows of material non-public information may communicate that information to any other person if he or she has reason to believe that the information may be improperly used in connection with securities trading.

   (c) Covered Persons and certain related persons must “preclear” all trading in securities of the Corporation in accordance with the procedures set forth in Section 4 below.

2. The Law Against “Insider Trading”

   One of the principal purposes of the federal securities laws is to prohibit so-called insider trading. In recent years this has become a major focus of the enforcement program of the Securities and Exchange Commission and of criminal prosecutions brought by United States Attorneys.

   (a) Application to Non-Insiders and to Securities Other Than Securities of the Corporation
Prohibitions against “insider trading” apply to trades, tips, and recommendations by virtually any person—including all persons associated with the Corporation—if the information involved is “material” and “non-public.” Thus, for example, the prohibitions would apply if you trade on the basis of material non-public information you obtain regarding the Corporation, its borrowers, customers, suppliers, or other corporations with which the Corporation has contractual relationships or may be negotiating transactions.

For compliance purposes, you should never trade, tip, or recommend securities (or otherwise cause the purchase or sale of securities) while in possession of information that you have reason to believe is material and non-public unless you first consult with, and obtain the advance approval of, the Compliance Officer.

(b) Materiality

Insider trading restrictions come into play only if the information you possess is “material.” Materiality, however, involves a relatively low threshold.

Information is generally regarded as “material” if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if it otherwise is information that a reasonable investor would want to know before making an investment decision.

Information dealing with the following subjects is reasonably likely to be found material in particular situations:

• Significant changes in the Corporation’s prospects;
• Significant write-downs in assets or increases in reserves;
• Developments regarding significant litigation or government agency investigations;
• Liquidity problems;
• Changes in earnings estimates or unusual gains or losses in major operation;
• Major changes in management;
• Changes in dividends;
• Extraordinary borrowings;
• Award or loss of a significant contract;
• Changes in debt ratings;
• Proposals, plans, or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, or purchases or sales of substantial assets;
• Public offerings; and
• Pending statistical reports (e.g., consumer price index, money supply and retail figures, interest rate developments).

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition, or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company’s operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular non-public information is material, exercise caution. Consult the Compliance Officer before making a decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates.

(c) Non-Public Information

Insider trading prohibitions come into play only when you possess information that is material and “non-public.” The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be “public” the information must have been disseminated in a manner designed to reach investors generally. Even after public disclosure of information regarding the Corporation, you generally must wait a period of two or three days for the information to be absorbed by public investors before you can treat the information as public.

Non-public information may include:

• Information available to a select group of analysts or brokers or institutional investors;
• Undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and
• Information that has been entrusted to the Corporation on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information (normally two or three days).

As with questions of materiality, when in doubt about whether information is non-public call the designated Compliance Officer or assume that the information is “non-public” and, therefore, treat it as confidential.

3. Severe Penalties for Violating Insider Trading Laws

Penalties for trading on or communicating material non-public information are severe, both for individuals involved in such unlawful conduct and their
employers and supervisors. A person who violates the insider trading laws can be sentenced to a substantial jail term and required to pay a penalty of several times the amount of profits gained or losses avoided.

Moreover, Congress has passed insider trading legislation that, in a significant departure from prior law, explicitly empowers the Securities and Exchange Commission to seek substantial penalties from any person who, at the time of an insider trading violation, “directly or indirectly controlled the person who committed such violation.” Such persons may be held liable for up to the greater of $1 million or three times the amount of the profit gained or loss avoided. Thus, even for violations that result in a small or no profit, the Securities and Exchange Commission can seek a minimum of $1 million from the Corporation and various management and supervisory personnel.

Given the severity of the potential penalties, compliance with the policies set forth in Section 1 of this Statement is absolutely mandatory, and noncompliance is a ground for dismissal. Exceptions to these policies, if any, may only be granted by the Compliance Officer and must be provided before any activity contrary to the above policies takes place.

4. Preclearance of Securities Transactions

Because Covered Persons are likely to obtain material non-public information on a regular basis, the Corporation requires all such persons to preclear all purchases and sales of the Corporation securities in accordance with the following procedures:

(a) Subject to the exemption in part “(d)” below, no Covered Person may, directly or indirectly, purchase or sell any security issued by the Corporation without first obtaining prior approval from the Compliance Officer. These procedures also apply to transactions by such person’s spouse, other persons living in such person’s household and minor children, and to transactions by entities over which such person exercises control.

(b) The Compliance Officer shall record the date each request is received and the date and time each request is approved or disapproved. Unless revoked, a grant of permission will normally remain valid until the close of trading two business days following the day on which it was granted.

(c) Requests are most likely to be approved for trading that is to occur in the following “window periods”:

(i) The 30-day period beginning one week after the annual report has been mailed to shareholders, provided that the report adequately covers important corporate developments and no new major undisclosed developments occur within that period;
(ii) Following a release of quarterly results, which includes adequate comment on new developments during the period;

(iii) Following the wide dissemination of information on the status of the Corporation and current results; and

(iv) At those times when there is relative stability in the Corporation’s operations and the market for its securities.

(d) Preclearance is not required for purchases and sales of securities under a preexisting written plan, contract, instruction, or arrangement that:

(i) Has been reviewed and approved at least one month in advance of any trades thereunder by the Compliance Officer (or, if revised or amended, such revisions or amendments have been reviewed and approved by the Compliance Officer at least one month in advance of any subsequent trades);

(ii) Was entered into in good faith by the Covered Person at a time when the Covered Person was not in possession of material non-public information about the Company; and

(iii) Gives a third party the discretionary authority to execute such purchases and sales, outside the control of the Covered Person, so long as such third party does not possess any material non-public information about the Company; or

(iv) Explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions.

With respect to any purchase or sale under a pre-arranged trading plan as described above, the third party effecting transactions on behalf of the Covered Person should be instructed to send duplicate confirmations of all such transactions to the Compliance Officer.

5. Prohibited Transactions

Any director or executive officer of the Corporation is prohibited from, directly or indirectly, purchasing, selling, or otherwise acquiring or transferring any equity security of the Corporation during a pension plan blackout period that temporarily prevents plan participants or beneficiaries from engaging in equity securities transactions through their plan accounts if the director or executive officer acquired the security in connection with his or her service or employment as a director or executive officer.

A Covered Person, including such person’s spouse, other persons living in such person’s household, and minor children and entities over which such person exercises control, is prohibited from engaging in the following transactions in
securities of the Corporation unless advance approval is obtained from the Compliance Officer:

(a) Short-term trading. Persons associated with the Corporation who purchase its securities must retain such securities for at least six months.

(b) Short sales. Persons associated with the Corporation may not sell the Corporation’s securities short.

(c) Options trading. Persons associated with the Corporation may not buy or sell puts or calls on the Corporation’s securities.

(d) Trading on margin. Persons associated with the Corporation may not trade on the margin the Corporation’s securities.

6. Acknowledgment and Certification

All Covered Persons are required to sign the attached acknowledgment and certification.

ACKNOWLEDGMENT AND CERTIFICATION

The undersigned does hereby acknowledge receipt of the Corporation’s Statement of Policy regarding trading on material non-public information. The undersigned has read and understands (or has had explained) such Policy and agrees to be governed by such Policy at all times in connection with the purchase and sale of securities and the confidentiality of non-public information.

__________________________________________
(Signature)

__________________________________________
(Please print name)

Date: ______________________