

**XpresSpa Group, Inc.**  
INSIDER TRADING POLICY

**XpresSpa Group, Inc.** (the "Company") has adopted the following policy regarding trading by Company personnel in the Company's securities (the "Insider Trading Policy," or this "Policy"). This Policy applies to *all* Company personnel, including directors, officers, employees and consultants of the Company and its subsidiaries. This Policy also applies to certain family members, other members of a person's household and entities controlled by Company personnel, as described in Section IV below.

**I. The Need for an Insider Trading Policy**

This Policy has been developed:

- to educate all Company personnel as to the federal securities laws and the rules of the Securities and Exchange Commission (the "SEC") on insider trading in public company securities;
- to set forth requirements that apply to Company personnel and other persons covered by this Policy who seek to trade in the Company's securities;
- to protect the Company and its personnel from legal liability; and
- to preserve the reputation of the Company and its personnel for integrity and ethical conduct.

Because the Company is a public company, transactions in the Company's securities are subject to the federal securities laws and regulations adopted by the SEC. These laws and regulations make it illegal for an individual to buy or sell securities of the Company while aware of **material non-public information**. The SEC takes insider trading very seriously and devotes significant resources to uncovering the activity and to prosecuting offenders. Liability may extend not only to the individuals who trade while in possession of material non-public information but also to their "tipsters," people who leak material non-public information to individuals who then trade based on that information. The Company and "controlling persons" of the Company may also be liable for violations by Company employees.

**II. What is Material Non-Public Information?**

**Definition of Material.** Material non-public information is any information (positive or negative) that:

- is not generally known to the public, and

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- if publicly known, would likely affect either the market price of the Company's securities or a person's decision to buy, sell or hold the Company's securities.

**Examples.** Common examples of information that will frequently be regarded as material include, but are not limited to:

- quarterly or annual earnings results;
- projections of future financial results;
- earnings or losses;
- developments in litigation or licensing matters involving the Company;
- news of a pending or proposed merger, acquisition or tender offer;
- news of a pending or proposed acquisition or disposition of a significant asset;
- news of a pending or proposed joint venture;
- a company restructuring;
- significant transactions with officers, directors or greater than 5% shareholders;
- financing transactions;
- changes in dividend policies, the declaration of a stock split or the offering of additional securities;
- establishment of a stock repurchase program;
- changes in pricing or cost structure of Company products or services;
- changes in management;
- changes in auditors or notification that the auditor's reports may no longer be relied upon;
- significant new products or discoveries;
- impending bankruptcy or financial liquidity problems;
- internal financial information which departs from what the market expects;
- the gain or loss of a significant customer or supplier, major contract, license, registration or collaboration;
- the entry, amendment or termination of a material contract;
- cybersecurity risks and incidents, including vulnerabilities and breaches; or
- other items that require the filing of a Current Report on Form 8-K with the SEC.

**Twenty-Twenty Hindsight.** In determining whether information is material, the SEC and other regulators will view the information after-the-fact with the benefit of hindsight. As a result, in determining whether any information is material, we will and you should carefully consider whether regulators and others might view the information as being material in hindsight, with the benefit of all relevant information that later becomes available. For example, if there is a significant change in the Company's stock price following release of certain information, that information will likely be determined to have been material when viewed with the benefit of hindsight.

In addition to addressing the relevant statutes and regulations in this area, we are adopting this Policy to avoid even the appearance of improper conduct on the part of

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anyone employed by or associated with the Company and certain related persons, not just members of senior management.

**Definition of Non-Public.** Information is non-public until it has been effectively communicated to the marketplace. Tangible evidence of such dissemination is the best indication that the information is public. For example, information found in a report filed with the SEC or appearing in a national newspaper would be considered public. The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. See “When Information Becomes Public” in Section IV below.

### III. The Consequences of Insider Trading

The consequences of insider trading violations can be severe:

For individuals who trade while in possession of material non-public information:

- a civil penalty of up to three times the profit gained, or loss avoided;
- a criminal fine (no matter how small the profit) of up to \$5 million; and
- a jail term of up to 20 years.

These penalties can apply even if the individual is not a member of the Board of Directors or an officer of the Company. A person who tips information to others may be liable for transactions by the tippees to whom material non-public information has been disclosed, and the same penalties can apply, even when the tipper does not personally profit from the transactions. Moreover, if an employee violates this Policy, he or she may also be subject to Company-imposed sanctions, including termination for cause.

For a Company (as well as possibly any supervisory person) that fails to take appropriate steps to prevent illegal trading:

- a civil penalty of the greater of \$1 million or three times the profit gained, or loss avoided as a result of the employee's violation; and
- a criminal penalty of up to \$25 million.

Any of the above consequences, including an SEC investigation that does not result in prosecution, can tarnish the Company's or an individual's reputation and irreparably damage a career.

#### IV. Our Policy

**General Prohibition on Trading.** Company personnel and Related Persons (as defined below in this Section IV) may not buy or sell securities of the Company while in possession of material non-public information or engage in any other action to take advantage of, or pass on to others, that information, subject to the specific exceptions noted below in this Section IV under the caption "Exceptions for Certain Transactions."

**Transactions by Family Members, Others in Your Household and Entities You Control.** The restrictions in this Policy also apply to (1) immediate family members who reside with you, (2) others living in your household (whether or not related to you), (3) family members who do not live in your household but whose transactions in the Company's securities are directed by you or are subject to your influence or control (e.g., parents or children who consult with you before they trade in the Company's securities) and (4) any entities that you influence or control, including any corporations, limited liability companies, partnerships or trusts (each person or entity identified in clauses (1) – (4), a "Related Person"). SEC regulations specifically provide that any material non-public information about the Company communicated to any spouse, parent, child or sibling is considered to have been communicated under a duty of trust or confidence; and that any trading in the Company's securities by such family members while they are aware of such information may, therefore, violate insider trading laws and regulations. Company personnel are expected to be responsible for the compliance of all Related Persons with this Policy. This means that, to the extent such Related Persons of Company personnel intend to trade in the Company's securities, the Related Persons need to comply with the black-out periods and all other restrictions in this Policy. Furthermore, you should not participate in any investment club (i.e., groups of people who pool their money to make investments) that may invest in the Company's securities.

**Other Companies' Non-public Information.** This Policy also applies with equal force to information relating to any other company, including our customers or suppliers, obtained by Company personnel during the course of their service to or employment by the Company. Specifically, no Company personnel who, in the course of work on behalf of the Company, learns of material non-public information about a company with which the Company does business may trade in the other company's securities or pass that information on to others until the information becomes public or is no longer material.

**Personal or Independent Reasons Are Not Exceptions.** Transactions in the Company's securities that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

**Policy Administrator.** This Policy shall be administered by the "Policy Administrator," who shall initially be the Chief Financial Officer, and if such person is not available, then either the Chief Executive Officer or Chief People Officer shall serve as the

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alternate Policy Administrator. The Policy Administrator may, however, change from time to time.

***When Information Becomes Public.*** This Policy applies to material *non-public* information about the Company, which means that trading is permitted once the information becomes known to the public (unless some other Company policy or legal obligation restricts trading at that time). Because the Company's shareholders and the investing public should be afforded time to receive and absorb information, as a general rule you should not engage in any transactions until the beginning of the second business day after material information has been released. Thus, if an announcement is made before the market opens on a Monday, Wednesday generally would be the first day on which you may trade. If an announcement is made before the market opens on a Friday, Tuesday generally would be the first day on which you may trade. However, if the information released is complex, such as a major financing or other significant transaction, it may be necessary to allow additional time for the information to be absorbed by the investing public. In such circumstances, you will be notified by the Policy Administrator regarding a suitable waiting period before trading. In addition, we have established specified black-out periods, as described below.

***Prohibited Trading Periods.*** While it is never permissible to trade based on material non-public information, we are implementing the following procedures to help prevent inadvertent violations of this Policy and avoid even the appearance of an improper transaction (which could result, for example, where Company personnel engage in a trade while unaware of a pending major development).

(1) Company Wide Black-Out Periods Applicable to All Company Personnel. All Company personnel and Related Persons are prohibited from trading in any of the Company's securities during the following periods:

- from the time each such individual becomes aware of the material information (the black-out start times often vary), until the beginning of the second business day after the day the Company has made a public announcement of material information, including earnings releases, unless the information released is complex, in which case it may be necessary to extend this period and the Policy Administrator will notify you of any such extension of the black-out period; and
- during other specified periods when significant developments or announcements are anticipated, as notified by the Policy Administrator.

You will be notified by e-mail when you may not trade in the Company's securities during periods when significant developments or announcements are anticipated, in which event you will also be notified when trading restrictions are lifted. *Of course, even during periods when trading is permitted, no one, including persons or entities who do not fall within the definition of Related Persons, should trade in the Company's securities if he or she possesses material non-public information.*

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(2) Additional Black-Out Periods Applicable to the Board of Directors, Senior Management, Financial Team Members and Designated Employees. In addition to being subject to the trading procedures applicable to all Company personnel (above), members of the Company's Board of Directors, Senior Management, Financial Team Members, Designated Employees (each as defined below) and Related Persons of such individuals are also subject to additional trading procedures and restrictions during the following periods:

- the periods from ten (10) days prior to the close of each fiscal quarter until the beginning of the second business day after the release of the Company's financial results for each quarter and, in the case of the fourth quarter, financial results for the year end; and
- any other periods as determined by the Company.

The following members of management constitute the "Senior Management" of the Company: all Executive (Section 16) Officers, as listed on Exhibit A hereto, which list shall be amended from time to time to reflect the then-current group of such individuals.

The following individuals constitute the "Financial Team Members" of the Company: all members of the Company's financial team, as listed on Exhibit B hereto, which list shall be amended from time to time to reflect the then-current group of such individuals.

The following individuals constitute other "Designated Employees" of the Company: certain additional members of Company personnel, as listed on Exhibit C hereto, which list shall be amended from time to time to reflect the then-current group of such individuals.

The Policy Administrator may, from time to time, amend the list of and/or designate other employees as Senior Management, Financial Team Members or Designated Employees, in which case the Policy Administrator shall notify the affected individuals.

***Exceptions for Certain Transactions.***

(1) Gifts. *Bona fide* gifts are not transactions that are subject to this Policy, unless the person making the gift (the donor) has reason to believe that the recipient of the gift intends to sell the Company's securities while the donor is in possession of material non-public information.

(2) Mutual Funds. Transactions in mutual funds that are invested in the Company's securities are not transactions subject to this Policy.

(3) Transactions Involving Company Equity Plans. Except as otherwise noted below, this Policy does not apply to the following transactions:

- *Stock Option Exercises.* This Policy does not apply to the exercise of an employee stock option acquired pursuant to the Company's equity plans, or to the exercise of a tax withholding right pursuant to which a person has elected to

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have the Company withhold shares subject to an option to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale of stock for the purpose of generating the cash needed to pay the exercise price and or taxes upon the exercise of an option.

- *Restricted Stock Awards and Restricted Stock Unit Awards.* This Policy does not apply to the vesting of restricted stock or restricted stock units, or the exercise of a tax withholding right pursuant to which a person elects to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock or restricted stock unit. This Policy does apply, however, to any market sale of restricted stock or shares received upon vesting of restricted stock units.
- *Employee Stock Purchase Plan.* This Policy does not apply to purchases of the Company's securities under the Company's employee stock purchase plan. This Policy does apply, however, to subsequent sales or other transfers of such securities.
- *Other Transactions with the Company.* Any other purchase of the Company's securities from the Company or sales of the Company's securities to the Company are not subject to this Policy.

(4) Rule 10b5-1 Trading Plans. Notwithstanding the restrictions and prohibitions on trading in the Company's securities set forth in this Policy, persons subject to this Policy are permitted to effect transactions in the Company's securities pursuant to approved trading plans established under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended ("Trading Plans"), which may include transactions during the prohibited periods discussed above. Rule 10b5-1 requires that these transactions be made pursuant to a plan that was established while the person was not in possession of material non-public information, and the SEC requires that these plans not be entered into during any applicable Company-imposed black-out period. In order to comply with this Policy, the Company must pre-approve any such Trading Plan prior to its effectiveness. After a Trading Plan is approved, you must wait for a cooling-off period before the first trade is made under the Trading Plan, the length of which will be determined by the Policy Administrator. Once the Trading Plan is adopted, you must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the dates of the trades. The Trading Plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. Any modification of a Trading Plan is the equivalent of entering into a new Trading Plan and cancelling the old Trading Plan. Company personnel seeking to establish, modify or cancel a Trading Plan should contact the Policy Administrator.

***Pre-Clearance of All Acquisitions, Sales and Other Transfers by Certain Company Personnel.*** In order to ensure compliance with this Policy and with any Section 16 reporting

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requirements (see Exhibit D attached hereto), all transactions in the Company's securities (including acquisitions, sales, gifts and other transfers, whether or not for value), including the execution of Trading Plans (as defined below), by members of the Company's Board of Directors, Senior Management, Financial Team Members, Designated Employees and Related Persons, must be pre-cleared by the Policy Administrator. If you are a member of one of the groups listed above and you contemplate a transaction in the Company's securities, you must contact the Policy Administrator or other designated individual prior to executing the transaction. The Policy Administrator will use his or her reasonable best efforts to provide approval or disapproval within two business days. You must wait until receiving pre-clearance to execute the transaction. Neither the Company nor the Policy Administrator shall be liable for any delays that may occur due to the pre-clearance process. If the transaction is pre-cleared by the Policy Administrator, it must be executed by the end of the second business day after receipt of pre-clearance. Notwithstanding receipt of pre-clearance of a transaction, if you become aware of material non-public information about the Company after receiving the pre-clearance but prior to the execution of the transaction, you may not execute the transaction. The responsibility for determining whether you are in possession of material non-public information rests with you, as discussed below in Section V. If you are a Section 16 reporting person, promptly following execution of the transaction, but in no event later than the end of the first business day after the execution of the transaction, you must notify the Policy Administrator and provide details regarding the transaction sufficient to complete the required Section 16 filing.

Employees of the Company who are not Directors, members of Senior Management, Financial Team Members or Designated Employees may, but are not required to, pre-clear transactions in the Company's securities in the same manner as set forth above. Such employees are not required to notify the Policy Administrator following execution of the transaction.

**Please note that pre-clearance does not provide Company personnel with immunity from investigation or suit, for which it is the responsibility of the individual to comply with the federal securities regulations.**

**V. Individual Responsibility**

Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in the Company's securities while in possession of material non-public information. Each individual is responsible for making sure that he or she complies with this Policy, and that any Related Person, whose transactions are subject to this Policy, also comply with this Policy. In all cases, the responsibility for determining whether an individual is in possession of material non-public information rests with that individual, and any action on the part of the Company, the Policy Administrator or any other employee or director pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You may be subject to legal penalties and disciplinary action by law enforcement officials and/or the Company for any conduct prohibited by this Policy or applicable securities laws, as described in Section III above.

***Tippling Information to Others.*** Company personnel must not disclose non-public information about the Company to others outside the Company who do not have an obligation to maintain the confidentiality of such information. If the outsider trades on such information, penalties for insider trading may apply in these situations whether or not you derive any monetary benefit from the other person's trading activities. Material non-public information is often inadvertently disclosed or overheard in casual, social conversations. Please take care to avoid such disclosures.

***Prevention of Insider Trading by Others.*** If you become aware of a potential insider trading violation, you must immediately advise our Policy Administrator and/or report the matter using the Company's anonymous whistleblower reporting procedures. You should also take steps, where appropriate, to prevent persons under your supervision and/or control from using material non-public information for trading purposes. Moreover, Company-imposed sanctions, including termination for cause, could result if an employee fails to comply with this Policy.

***Confidentiality.*** Serious problems could be caused for the Company by the unauthorized disclosure of internal information about the Company, whether or not for the purpose of facilitating improper trading in the Company's securities. Company personnel should not discuss internal Company matters or developments (whether or not you think such information is material) with anyone outside of the Company (including, but not limited to, family, friends, business associates, investors and expert consulting firms), except as required in the performance of regular corporate duties. This prohibition applies specifically (but not exclusively) to inquiries about the Company that may be made by the financial press, investment analysts or others in the financial community and also includes posting material non-public information on any social media outlets such as Facebook, Twitter, etc. It is important that all such communications on behalf of the Company be made only through an authorized officer under carefully controlled circumstances. Unless you are expressly authorized to the contrary, if you receive any inquiries of this nature, you should decline comment and refer the inquirer to Scott Milford, Chief People Officer.

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Please review the Company's separate Regulation FD Policy, which governs all public communications with people outside the Company.

**VI. Additional Prohibited Transactions**

Because we believe it is generally improper and inappropriate for Company personnel to engage in short-term or speculative transactions involving the Company's securities, it is our policy that Company personnel and Related Persons not engage in any of the following activities, except in each case in limited circumstances with prior approval of the Policy Administrator:

- trading in the Company's securities on a short-term basis. Any shares of Company common stock purchased in the open market must be held for a minimum of six months and ideally longer;
- short sales of the Company's securities;
- use of the Company's securities to secure a margin or other loan;
- transactions in straddles, collars or other similar risk reduction or hedging devices; and
- transactions in publicly-traded options relating to the Company's securities (i.e., options that are not granted by the Company).

**VII. Post-Separation Transactions**

This Policy will no longer apply after separation from service with the Company. However, if an individual is in possession of material non-public information when he or she leaves the Company, that individual may not trade in the Company's securities until that information has become public or is no longer material, and it would be prudent for the individual, if he or she is subject to a black-out period upon separation of service, to refrain from trading until those restrictions no longer apply to Company personnel. In addition, if an individual is subject to Section 16 by virtue of his or her position as a member of Senior Management of the Company, he or she will remain subject to the pre-clearance procedures set forth above under "Pre-Clearance of All Acquisitions, Sales and Other Transfers by Certain Company Personnel" for as long as he or she is subject to Section 16.

**VIII. Company Assistance**

Any person who has any questions about specific transactions or this Policy in general may obtain additional guidance from the Policy Administrator. Remember, however, the ultimate responsibility for adhering to this Policy and avoiding improper

transactions rests with you. In this regard, please use your best judgment when considering a transaction in the Company's securities.

**IX. Certifications**

As a condition to employment, all employees will be required to certify their understanding of and intent to comply with this Policy. Members of the Board of Directors, Senior Management and other personnel may be required to certify compliance on an annual basis.

**Exhibit A**  
**"Senior Management"**

All Executive (Section 16) Officers, including:

1. Named Chief Executive Officer
2. Named Chief Financial Officer
3. Named Chief People Officer

This list may be updated by the Chief Executive Officer or Chief Financial Officer as circumstances may dictate.

**Exhibit B**  
**"Financial Team Members"**

All members of the Company's financial team, including:

1. Named Chief Financial Officer
2. Named Treasurer & Senior Director of Finance

This list may be updated by the Chief Executive Officer or Chief Financial Officer as circumstances may dictate.

**Exhibit C**  
**"Designated Employees"**

Certain additional Company personnel, including:

NONE.

This list may be updated by the Chief Executive Officer or Chief Financial Officer as circumstances may dictate.

**XpresSpa Group, Inc.**

**Certification Under Insider Trading Policy**

The undersigned hereby certifies that he/she has read and understands, and agrees to comply with, the Company's Insider Trading Policy, made effective July 1, 2020, a copy of which was distributed with this Certification.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

(Please Print)

Title: \_\_\_\_\_

MEMORANDUM

**TO: Directors and Executive Officers of XpresSpa Group, Inc.**  
**FROM: Bryan Cave Leighton Paisner LLP**  
**DATE: July 2, 2020**  
**RE: Insider Reporting and Liability for Short-Swing Trading Pursuant to Section 16 of the Exchange Act**

As the securities of XpresSpa Group, Inc. (the "Company") are publicly owned and registered under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and listed on the Nasdaq Capital Market ("Nasdaq"), various reporting, disclosure and other requirements apply to the Company and its directors and officers. In addition, the Securities Act of 1933, as amended (the "1933 Act"), and the 1934 Act impose restrictions on trading in Company securities. This memorandum briefly summarizes certain significant provisions of these laws and regulations for the Company and its directors and officers.

**I. INSIDER REPORTING OBLIGATIONS****A. *Section 16 Reporting***

Under Section 16(a) of the 1934 Act, each director, officer and beneficial owner of more than 10% of any class of equity securities of the Company (also known as a Section 16 reporting person) must file reports with the Securities and Exchange Commission (the "SEC") detailing their transactions in, and holdings of, the Company's equity securities. The Company has determined that its executive officers, the CEO, the CFO and Chief People Officer, as well as all of the directors, are the Company's Section 16 reporting persons.

The initial ownership report by a Section 16 reporting person must be filed on a Form 3 and provide information about all classes of equity securities (including options and other derivative securities) of the Company beneficially owned by that person. That form must be filed within 10 calendar days of the person becoming a Section 16 reporting person.

A Form 4 must be filed with the SEC upon a reportable change in such beneficial ownership. In addition to all market purchases and sales of equity securities of the Company by the Section 16 reporting person, this includes most transactions between a director or officer and the Company. Examples include: (i) grants of stock options,

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restricted stock, or other equity compensation awards; (ii) dispositions to the Company, including tax withholding of shares, the tender of stock upon exercise, and any routine purchase of shares by the Company to fund tax payments; and (iii) most derivative securities transactions, including exercises, cancellations, and regrants of stock options (including repricings). The Form 4 must be filed within two business days of the execution date of the transaction. To ensure compliance with the filing deadline, timely coordination between the director's or officer's broker and the Company is critical. The Company requests that promptly following execution of the transaction, but in no event later than the end of the first business day after the execution of the transaction, reporting persons notify the Policy Administrator under the Company's Insider Trading Policy and provide details regarding the transaction sufficient to complete the required Section 16 filing.

A Form 5 must be filed within 45 days after the Company's fiscal year end to disclose transactions and holdings exempt from prior reporting, as well as transactions and holdings that should have been reported previously but were not.

The reporting requirements extend to all of the Company's equity securities in which a Section 16 reporting person has a direct or indirect beneficial interest, including "derivative securities" such as stock options, puts and calls, convertible securities, securities owned by immediate family members, corporations, partnerships and certain trusts in which Section 16 reporting persons have an interest.

Forms 3, 4 and 5 must be timely filed electronically via the SEC's EDGAR system. Although the responsibility rests solely with the Section 16 reporting person, the Company must post reports on its website, and is required to disclose in its proxy statement the names of all of its Section 16 reporting persons who reported transactions late or failed to file required reports during the Company's fiscal year. To assist Company directors in meeting their filing obligations the Company will work with each director's broker to file Forms 3, 4 and 5. As described above, it is requested that promptly following execution of the transaction, but in no event later than the end of the first business day after the execution of the transaction, reporting persons notify the Policy Administrator and provide details regarding the transaction sufficient to complete the required Section 16 filing. All Company stock transactions are prohibited unless occurring within an announced trading window. Directors will receive an e-mail from the Policy Administrator announcing the time period during which each trading window is open.

Attached to this memo is a table of typical transactions you may encounter and when you must report them. The table is intended to assist you with your preparation of Forms 4 and 5, but is not in any way intended to replace the advice of your personal attorney or advisor, with whom you should always consult before making any conclusions regarding your reporting obligations arising out of any transaction, including those listed in the chart.

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**B. Short-Swing Profits**

Under Section 16(b) of the 1934 Act, any Section 16 reporting person or his or her family member who engages in any purchase and sale (or sale and purchase) of any equity security of the Company within any period of less than six months is required to pay over to the Company any “short-swing profits” realized on such transactions. If the Company fails to collect such profits, any shareholder may bring suit to recover the profits. The recoverable profit is not necessarily limited to the actual profit realized; the highest price sale is matched with the lowest price purchase during the period, with no deduction for loss transactions. A recoverable profit is possible under Section 16(b) even when the result of all of the Section 16 reporting person’s transactions during the period resulted in an actual loss. Section 16(b) liability is imposed without regard to the intent or good faith of the Section 16 reporting person and without regard to whether the Section 16 reporting person actually traded on non-public information (the purpose of Section 16(b) is to deter insiders from profiting from trades while in possession of non-public information). In addition, Section 16(c) of the 1934 Act makes it unlawful for any Section 16 reporting person to have a short position in any equity security of the Company.

Rules adopted by the SEC under Section 16 address reporting, short-swing profits, exercise of derivative securities and transactions pursuant to employee benefit plans, among other issues. Because of the complexity of the rules under Section 16, you should consult with your legal counsel and also notify the Policy Administrator prior to any transactions in the Company’s securities. You should also refer to the Company’s Insider Trading Policy concerning securities trades by directors and other Company personnel.

**C. Schedule 13D Reporting**

Section 13 of the 1934 Act, known as the Williams Act, requires that a statement be filed with the SEC and the Company by any person who acquires direct or indirect beneficial ownership of more than 5% of the Company’s outstanding common stock. Schedule 13D must be filed within ten days of the 5% acquisition and be amended promptly to reflect any material changes (generally 1% or more of the outstanding class of equity securities).

A short form Schedule 13G may be filed in lieu of Schedule 13D by “passive investors,” i.e., persons who have only an investment interest in the Company and have not acquired the shares with the purpose or effect of changing or influencing control; provided that such persons do not own 20% of the Company’s shares. If such person ever changes status, from simply a passive investor to a person who is individually or as part of a group intending on changing or influencing control of the Company, his or her ownership reports must shift from the short form Schedule 13G to the more extensive Schedule 13D.

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If there are any changes in the information reported on Schedule 13G, an amended Schedule 13G must be filed 45 days after the end of the year in which such change occurs. However, an amendment should be filed earlier, as follows: (i) within 10 days of the end of the first month in which the stake exceeds 10% in the aggregate; (ii) promptly in the case of passive investors at ownership levels between 10% and 20%, after increasing or decreasing their positions by more than 5%; or (iii) “promptly” (within one day) after crossing the 20% threshold (and shifting from the short form Schedule 13G to the more extensive Schedule 13D if that has not already occurred).

## II. INSIDER TRADING RESTRICTIONS

### A. *Rule 10b-5*

The anti-fraud provisions of Rule 10b-5 under the 1934 Act make it unlawful for directors, officers, employees or certain fiduciaries (known as “insiders”) to engage in any purchase or sale of the Company’s securities at any time when the insider possesses or is aware of material nonpublic information, favorable or unfavorable, about the Company’s current or prospective operations. Rule 10b-5 also makes it unlawful for persons to whom insiders share such material nonpublic information (known as “tippees”) to purchase or sell the Company’s securities. Penalties for insider trading violations may be up to three times the amount of the profit gained or the loss avoided as a result of the unlawful purchase or sale, as well as criminal prosecution with a prison term of up to 20 years.

By the nature of your relationship with the Company, there will be times when you are in possession or aware of material information about the Company that is not publicly available. During such times, you should not engage in any transaction in the Company’s securities or pass such information to others. Additionally, it is prudent for insiders not purchase or sell Company securities for at least two trading days following the release of material information in a national medium. Even then, you should not act until the information has been absorbed by the market or if you possess other material information that has not been made public.

As mentioned above, the Company has adopted an Insider Trading Policy which, among other things, prohibits security trades by Company directors, officers, corporate employees and other senior subsidiary employees except during an open trading window. This policy also establishes preclearance procedures for transactions in Company securities. Any trades you make in Company securities must also comply with this policy.

### B. *10b5-1 Plans*

Rule 10b5-1 establishes an affirmative defense to allegations of fraud under Rule 10b-5 for insiders who trade while in possession or aware of material nonpublic information pursuant to a previously established plan. To take advantage of the defense, the person making the purchase or sale must meet the criteria set forth in Rule 10b5-1.

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Before becoming aware of the material nonpublic information, the person must have entered into a binding contract to purchase or sell the security, instructed another person to purchase or sell the security for the instructing person's account, or adopted a written plan for trading securities. The plan must also (i) specify the amount, price and date of the trades, or include a formula, algorithm, or computer program for determining the amount, price and date of the trades to be made, or (ii) delegate to another person not in possession or aware of material nonpublic information sole discretion to determine the amount, price and date of the trades to be made.

In addition, the person (i) must demonstrate that the trades were pursuant to the binding plan, including no alteration or deviation; (ii) may not enter into or alter a corresponding or hedging transaction, or position with respect to securities; and (iii) must enter into the plan in good faith and not as part of a plan or scheme to evade Rule 10b-5.

### ***C. Sales of Restricted Securities Under Rule 144***

Section 5 of the 1933 Act prohibits any person from selling unregistered securities, unless an exemption from registration is available. Most transactions in publicly traded securities are exempt from registration pursuant to Section 4(a)(1) of the 1933 Act, which exempts transactions by any person other than an issuer, underwriter, or dealer. This exemption is not available, however, when the person proposing to make the sale is an "affiliate" of the issuer of the securities, or when the securities proposed to be sold are "restricted securities." An "affiliate" is defined as a person that directly or indirectly controls, is controlled by or is under common control with the Company. The directors, executive officers and principal shareholders of the Company are generally considered to be affiliates of the Company. (Securities held by affiliates are referred to as "control" securities.) "Restricted securities" are securities acquired directly or indirectly from the Company or an affiliate of the Company in a transaction or chain of transactions not involving any public offering, i.e., securities acquired from the Company or an affiliate in a transaction which was not registered under the 1933 Act.

Rule 144 under the 1934 Act provides a safe harbor under which affiliates and holders of restricted securities may resell without registration. For an affiliate or holder of restricted securities to be protected by the safe harbor, Rule 144 imposes certain requirements as to public information, volume (for affiliates), manner of sale (for sales of equity securities by affiliates), SEC notification (for affiliates), and holding periods (for restricted securities). Additionally, the person making the sale must not be aware of any material adverse information concerning the Company that has not been publicly disclosed.

The public information requirement is satisfied so long as the Company's securities have been subject to the 1934 Act reporting requirements for at least 90 days and the Company has filed all required reports on Form 10-K and Form 10-Q during the last twelve months.

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For “restricted securities” of reporting companies held by affiliates or non-affiliates, there is a six-month holding period, which means that at least six months must elapse between the later of the date the securities were acquired from the Company or an affiliate and the date of any resale of such securities in reliance on Rule 144 for the account of either the acquirer or any subsequent holder.

For affiliates, after this holding period, the maximum number of shares of the Company’s common stock (both restricted and non-restricted) that may be resold for the account of any affiliate during any three-month period is the greater of the average weekly reported volume of trading in such securities during the four calendar weeks preceding the date of the proposed sale on all national securities exchanges, or one percent (1%) of the outstanding shares of the same class on such date. Such affiliates must also comply with the manner of sale requirements described below.

Rule 144 generally requires the securities of affiliates to be sold in unsolicited brokers’ transactions, in transactions directly with a market maker or in riskless principal transactions. In the case of a broker transaction, the broker must: (i) not do more than execute the sell order as an agent for the seller; (ii) receive no more than the usual and customary broker’s commission; (iii) neither solicit nor arrange for the solicitation of buy orders in anticipation of or in connection with the sale; and (iv) after reasonable inquiry, not be aware of circumstances indicating that the seller is an underwriter of the securities or that the transaction is part of a distribution of securities by the issuer.

If the affiliate proposes to sell either more than 5,000 shares or the proposed sale would have an aggregate sales price greater than \$50,000 during any three-month period, the affiliate must complete, sign and file with the SEC a notice of sale on Form 144. Once total sales during any three-month period exceed either of the thresholds, a Form 144 must be filed even if the particular sale itself that pushed the affiliate beyond either threshold was less than either applicable threshold. The Rule also requires that the affiliate have a bona fide intention to sell the securities covered by the notice within a reasonable time after filing of the notice. It is important to note that Form 144 requires the seller to indicate that he or she does not know of any material adverse information as to the current or prospective operations of the issuer. Form 144 must be mailed no later than the day as the placing of a sale order or execution of the sale and is typically prepared and mailed by the director’s selling broker with a copy provided to the Company’s General Counsel.

For non-affiliates (i.e., a person who has not been an affiliate in the last 90 days) of reporting companies, there is also a six-month holding period for restricted securities. After this six-month holding period, the non-affiliate may resell an unlimited amount of its restricted securities, as long as the Company has complied with the public information requirement described above. There are no volume limitations, manner of sale or Form 144 filing requirements that apply to such non-affiliates. Securities held for more than one year by a non-affiliate may be freely resold without regard to the public information,

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volume limitation, manner of sale or Form 144 filing requirements described above. Therefore, these shares may be sold immediately upon expiration of the six-month holding period, subject to satisfaction of the current public information requirement or, if held one year, freely without the current public information requirement.

In late 2015, the FAST Act added a new resale exemption (Section 4(a)(7)) that may be available to certain shareholders in non-underwritten transactions with accredited investors.

## MATCHING AND REPORTING UNDER SECTION 16 RULES

Event	Report on Form 4 (due within two business days of the transaction)	Report on Form 5 (due within 45 days of end of fiscal year)	Not Required to be Reported (2)
Grant to officer or director under an equity incentive plan	Exempt (1) <i>Code A</i>		
Exercise of option or warrant	Exempt acquisition of common stock, disposition of option (1) <i>Code M</i>		
Cashless option exercise by officer or director through issuer (by withholding shares or delivering previously held shares)	Exempt acquisition (of gross shares) (1) ( <i>Code M</i> ) Exempt disposition (of shares tendered) (1) ( <i>Code F</i> )		
Cashless option exercise through broker	Exempt acquisition (of gross shares) (1) <i>Code M</i> Matchable sale (of shares sold) <i>Code S</i>		
Expiration of option for no value			Exempt disposition
Surrender of shares to satisfy tax withholding obligations on vesting/exercise of equity award	Exempt disposition (of shares tendered) (1) ( <i>Code F</i> )		
Transfer pursuant to domestic relations order			Exempt acquisition or disposition
Stock dividend			Exempt acquisition
Distribution from limited partnership to general partner			Exempt change in form of beneficial ownership
Distribution from limited partnership to limited partner	Matchable purchase <i>Code J</i>		
Other acquisition from issuer	Exempt acquisition, if by director or officer (1) <i>Code A</i> Matchable purchase, if by 10% holder		

Event	Report on Form 4 (due within two business days of the transaction)	Report on Form 5 (due within 45 days of end of fiscal year)	Not Required to be Reported (2)
	<i>Code P</i>		
Acquisition from someone other than issuer	Matchable purchase <i>Code P</i>		
Sale to issuer	Exempt disposition, if by officer or director <i>Code D</i> Matchable sale, if by 10% holder <i>Code S</i>		
Sale to someone other than issuer	Matchable sale <i>Code S</i>		
Gift		Exempt <i>Code G</i>	

- (1) Assuming that the specific approval of the transaction required by Rule 16b-3 has been obtained or, in the case of an acquisition, the security is held at least six months.
- (2) Transactions that are not required to be reported as separate line items must be reflected in end-of-period holdings. Insiders may choose to indicate, by a footnote, that the report reflects the results of transactions which are not required to be reported.