

Star Scientific, Inc.

INSIDER TRADING POLICY

APPLICABILITY OF POLICY

This Policy applies to all transactions in the Company's securities, including common stock, options to purchase common stock and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible debentures, as well as to derivative securities relating to the Company's stock, whether or not issued by the Company, such as exchange-traded options. It applies to all executive officers and directors of the Company, all other employees of the Company and its subsidiaries, all secretaries and assistants supporting such directors, officers and employees, and consultants or contractors to the Company or its subsidiaries who have or may have access to Material Nonpublic Information (as defined below) regarding the Company and members of the immediate family or household of any such person. This group of people is sometimes referred to in this Policy as "Insiders." This Policy also applies to any person who receives Material Nonpublic Information from any Insider.

Any person who possesses Material Nonpublic Information regarding the Company is an Insider for so long as such information is not publicly known.

DEFINITION OF MATERIAL NONPUBLIC INFORMATION

It is not possible to define all categories of material information. However, information should be regarded as material if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of the Company's Securities. Nonpublic information is information that has not been previously disclosed to the general public and is otherwise not available to the general public.

While it may be difficult to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. In addition, material information may be positive or negative. Examples of such information may include:

- Financial results
- Projections of future earnings or losses
- Major contract awards, cancellations or write-offs
- News of a pending or proposed merger or acquisition
- News of the disposition of material assets
- Impending bankruptcy or financial liquidity problems
- Gain or loss of a substantial customer or supplier
- New product announcements of a significant nature

- Significant pricing changes
- Stock splits
- New equity or debt offerings
- Significant litigation exposure due to actual or threatened litigation and developments in such matters
- Changes in senior management
- Capital investment plans
- Changes in dividend policy

The SEC has made clear in another recent release that there are no numerical thresholds that may be used to determine whether information is material. For example, there is no “rule of thumb” that a development that has less than a 5% effect on net income is immaterial per se. Materiality must be evaluated by reference to all the relevant circumstances. In this regard, potential market sensitivity to the information is a key consideration.

TRADING IN THE COMPANY 401(K) PLAN

The Company’s insider trading policy applies to certain transactions involving Company stock in an employee’s 401(k) Plan Account. For example, the policy applies to (i) elections to make intra-plan transfers into or out of the Company stock fund, and (ii) elections to increase or decrease the percentage allocation of new investments in the Plan to the Company stock fund. The policy does not apply, however, to repetitive investments in the Company stock fund which occur every pay period pursuant to a payroll deduction in a like amount each period.

CERTAIN EXCEPTIONS

For purposes of this Policy, the Company considers that the exercise of stock options for cash under the Company’s stock option plan (but not the sale of any such shares) is exempt from this Policy, since the other party to the transaction is the Company itself and the price does not vary with the market but is fixed by the terms of the option agreement or the plan.

STATEMENT OF POLICY

General Policy

It is the policy of the Company to prohibit the unauthorized disclosure of any nonpublic information acquired in the workplace and the misuse of Material Nonpublic Information in securities trading.

Specific Policies

1. **Trading on Material Nonpublic Information.** With certain exceptions, no officer or director of the Company, no employee of the Company or its subsidiaries and no consultant or contractor to the Company or any of its subsidiaries and no members of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of the Company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company, and ending at the close of business on the second Trading Day following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material. However, see Section 2 under "Permitted Trading Period" below for a full discussion of trading pursuant to a pre-established plan or by delegation.

As used herein, the term "Trading Day" shall mean a day on which national stock exchanges and the Nasdaq National Market are open for trading.

2. **Tippling.** No Insider shall disclose ("tip") Material Nonpublic Information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the Company's securities.

3. **Confidentiality of Nonpublic Information.** Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden.

POTENTIAL CRIMINAL AND CIVIL LIABILITY AND/OR DISCIPLINARY ACTION

1. **Liability for Insider Trading.** Insiders may be subject to severe criminal penalties, including jail time, for engaging in transactions in the Company's securities at a time when they possess Material Nonpublic Information regarding the Company. In addition, the SEC has the authority to seek a civil monetary penalty of up to three times the amount of profit gained or loss avoided by illegal insider trading. "Profit gained" or "loss avoided" generally means the difference between the purchase or sale price of the Company's stock and its value as measured by the trading price of the stock a reasonable period after public dissemination of the nonpublic information.

2. **Liability for Tippling.** Insiders may also be liable for improper transactions by any person (commonly referred to as a "tippee") to whom they have disclosed Material Nonpublic Information regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company's securities. The Securities and Exchange Commission (the "SEC") has imposed large penalties even when the

disclosing person did not profit from the trading. The SEC, the stock exchanges and the National Association of Securities Dealers, Inc. use sophisticated electronic surveillance techniques to monitor and uncover insider trading.

3. **Possible Disciplinary Actions.** Individuals subject to the Policy who violate this Policy shall also be subject to disciplinary action by the Company, which may include suspension, forfeiture of perquisites, ineligibility for future participation in the Company's equity incentive plans and/or termination of employment.

PERMITTED TRADING PERIOD

1. Black-Out Period and Trading Window.

To ensure compliance with this Policy and applicable federal and state securities laws, the Company requires that all officers, directors, employees, members of the immediate family or household of any such person and others who are subject to this Policy refrain from conducting transactions involving the purchase or sale of the Company's securities, other than during the period in any fiscal quarter commencing at the close of business on the second Trading Day following the date of public disclosure of the financial results for the prior fiscal quarter or year and ending on the first calendar day of the third month of the fiscal quarter (the "Trading Window"). If such public disclosure occurs on a Trading Day before the markets close, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

The safest period for trading in the Company's securities, assuming the absence of Material Nonpublic Information, is generally the first ten Trading Days of the Trading Window. The last month of each fiscal quarter and the period of time from the end of such quarter until the public disclosure of quarterly results are particularly sensitive periods of time for transactions in the Company's securities from the perspective of compliance with applicable securities laws. This is because officers, directors and certain other employees will, as any quarter progresses, be increasingly likely to possess Material Nonpublic Information about the expected financial results for the quarter. The purpose of the Trading Window is to avoid any unlawful or improper transactions.

It should be noted that even during the Trading Window any person possessing Material Nonpublic Information concerning the Company should not engage in any transactions in the Company's securities until such information has been known publicly for at least two Trading Days. The Company has adopted the policy of delaying trading for at least two Trading Days because the securities laws require that the public be informed effectively of previously undisclosed material information before Insiders trade in the Company's stock. Public disclosure may occur through a widely disseminated press release or through filings, such as Forms 10-Q and 8-K, with the SEC. Furthermore, in order for the public to be effectively informed, the public must be given time to evaluate the information disclosed by the Company. Although the amount of time necessary for the public to evaluate the information may vary depending on the complexity of the information, generally two Trading Days is a sufficient period of time.

Although the Company may from time to time require during a Trading Window that directors, officers, selected employees and others suspend trading because of developments known to the Company and not yet disclosed to the public, each person is individually responsible at all times for compliance with the prohibitions against insider trading. Trading in

the Company's securities during the Trading Window should **not** be considered a "safe harbor," and all directors, officers and other persons should use good judgment at all times.

From time to time, the Company may also require that directors, officers, selected employees and others suspend trading because of developments known to the Company and not yet disclosed to the public. In such event, such persons are advised not to engage in any transaction involving the purchase or sale of the Company's securities during such period and should not disclose to others the fact of such suspension of trading.

Notwithstanding these general rules, Insiders may trade outside of the Trading Window provided that such trades are made pursuant to a pre-established plan or by delegation; these alternatives are discussed in the next section.

2. Trading According to a Pre-established Plan or by Delegation.

Trading which is not "on the basis of" material non-public information may not give rise to insider trading liability. The United States Securities and Exchange Commission has adopted Rule 10b5-1 under which insider trading liability can be avoided if Insiders follow very specific procedures. In general, such procedures involve trading according to pre-established instructions (a "Pre-established Trade").

Pre-established Trades must:

- a) **be documented by a contract, written plan, or formal instruction which provides that the trade take place in the future.** For example, an Insider can contract to sell his or her shares on a specific date, or simply delegate such decisions to an investment manager, 401(k) plan administrator or similar third party. This documentation must be provided to the Company's Insider Trading Compliance Officer.
- b) **include in its documentation the specific amount, price and timing of the trade, or the formula for determining the amount, price and timing.** For example, the Insider can buy or sell shares in a specific amount and on a specific date each month, or according to a pre-established percentage (of the Insider's salary, for example) each time that the share price falls or rises to pre-established levels. In the case where trading decisions have been delegated, the specific amount, price and timing need not be provided.
- c) **be implemented at a time when the Insider does not possess material non-public information.** As a practical matter, this means that the Insider should set up Pre-established Trades, or delegate trading discretion, only during a "Trading Window" (discussed in Section 1, above). And,
- d) **remain beyond the scope of the Insider's influence after implementation.** In general, the Insider must allow the Pre-established Trade to be executed without changes to the accompanying instructions, and the Insider cannot later execute a hedge transaction that modifies the effect of the Pre-established Trade. An Insider wishing to change the amount, price or timing of a Pre-established Trade, or terminate a Pre-

established Trade, can do so only during a “Trading Window” (discussed in Section 1, above). If the Insider has delegated decision-making authority to a third party, the Insider cannot subsequently influence the third party in any way and such third party must not possess material non-public information at the time of any of the trades.

Prior to implementing a pre-established plan for trading, all executive officers and directors must receive the approval for such plan from the Company’s Insider Trading Compliance Officer.

3. Pre-Clearance of Trades.

Even during a Trading Window, all executive officers and directors of the Company, as well as employees of the Company and its subsidiaries who report directly to the Section 16 Individuals, all secretaries and assistants supporting such officers, directors and employees, consultants or contractors to the Company or its subsidiaries who have or may have access to material, non-public information and members of the immediate family or household of any such person(s) must comply with the Company’s “pre-clearance” process prior to trading in the Company’s securities, implementing a pre-established plan for trading, or delegating decision-making authority over the Insider’s trades. To do so, each officer and director must contact the Company’s Insider Trading Compliance Officer prior to initiating any of these actions. The Company may also find it necessary, from time to time, to require compliance with the pre-clearance process from certain employees, consultants and contractors, other than and in addition to officers and directors. Section 16 Individuals must comply with the additional pre-clearance obligations described in the Company’s Section 16 Compliance Program.

4. Individual Responsibility.

As Insiders, every person subject to this Policy has the individual responsibility to comply with this Policy against insider trading, regardless of whether the Company has recommended a Trading Window to that Insider or any other Insiders of the Company. The guidelines set forth in this Policy are guidelines only, and appropriate judgment should be exercised in connection with any trade in the Company’s securities.

An Insider may, from time to time, have to forego a proposed transaction in the Company’s securities even if he or she planned to make the transaction before learning of the Material Nonpublic information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

APPLICABILITY OF POLICY TO INSIDE INFORMATION REGARDING OTHER COMPANIES

This Policy and the guidelines described herein also apply to Material Nonpublic Information relating to other companies, including the Company’s customers, vendors or suppliers (“business partners”), when that information is obtained in the course of employment with, or other services performed on behalf of the Company. Civil and criminal penalties, as well as termination of employment, may result from trading on inside information regarding the Company’s business partners. All employees should treat Material Nonpublic Information about the Company’s business partners with the same care as is required with respect to information relating directly to the Company and should not trade in the stock of such companies when in possession of Material Nonpublic Information about such companies.

**PROHIBITION AGAINST BUYING AND SELLING
COMPANY COMMON STOCK WITHIN A SIX-MONTH PERIOD
Directors, Officers and 10% Shareholders**

As further described in the Company's Section 16 Compliance Program, purchases and sales (or sales and purchases) of Company common stock occurring within any six-month period in which a mathematical profit is realized result in illegal "short-swing profits." The prohibition against short-swing profits is found in Section 16 of the Exchange Act. Section 16 was drafted as a rather arbitrary prohibition against profitable "insider trading" in a company's securities within any six-month period regardless of the presence or absence of material nonpublic information that may affect the market price of those securities. Each executive officer, director and 10% shareholder of the Company is subject to the prohibition against short-swing profits under Section 16. Such persons are required to file Forms 3, 4 and 5 reports reporting his or her initial ownership of the Company's common stock and any subsequent changes in such ownership.

Profit realized, for the purposes of Section 16, is calculated generally to provide maximum recovery by the Company. The measure of damages is the profit computed from any purchase and sale or any sale and purchase within the short-swing (i.e., six-month) period, without regard to any setoffs for losses, any first-in or first-out rules, or the identity of the shares of common stock. This approach sometimes has been called the "lowest price in, highest price out" rule.

INQUIRIES

Please direct your questions as to any of the matters discussed in this Policy to the Company's Insider Trading Compliance Officer.

COMPANY POLICY STATEMENT

Restated as of November 1, 2002

Exhibit B

SECTION 16 COMPLIANCE PROGRAM

To enable compliance by officers and directors of Star Scientific, Inc. with the reporting requirements of Section 16(a) and related rules of the U.S. Securities and Exchange Commission, and to prevent inadvertent liability of such persons under the “short-swing” trading rules of Section 16(b), we have implemented this revised Section 16 Compliance Program.

As discussed in detail below, the Section 16 Compliance Program requires our officers and directors to obtain pre-clearance by our general counsel of all transactions in the company’s equity securities, including options. The company’s Section 16 filing coordinator will prepare and file the reports required for such transactions. In addition, the Program makes available to holders of 10% or more of the company’s stock, upon request, the assistance of the company’s Section 16 filing coordinator in preparing Section 16 reports.

This Section 16 Compliance Program is divided into two parts. Part I sets forth general information regarding the obligations and potential liabilities of reporting persons under Section 16. Part II sets forth the procedures that must be observed by our officers and directors, and the assistance that will be made available to holders of 10% or more of our stock, in advance of any transactions such persons may make in the company’s equity securities.

I. GENERAL INFORMATION REGARDING SECTION 16

Background

Section 16(a) of the Securities Exchange Act of 1934, and the related rules of the Securities and Exchange Commission, require you, as an officer, director or holder of 10% or more of the company’s stock, to report all transactions involving company stock (including options, warrants, and other “derivative securities”) to the SEC. As a result of the Sarbanes-Oxley Act of 2002, most transactions must be reported within two business days. The requirement extends to transactions by certain of your family members sharing your household, and transactions in which you have an indirect interest (such as transactions by corporations, trust, or partnerships in which you have or share control).

Section 16(b) imposes liability on reporting persons when such transactions occur within six months of each other. Under Section 16(b), any combination of a purchase and sale, or a sale and purchase, by a reporting person within a six-month period requires the company to recover the resulting profit. It makes no difference how long you have held the shares being sold. Transactions that occur for up to six months

after you cease to be an officer or director may also give rise to liability. Moreover, under the profit calculation rules, your highest-priced sale will be matched with the lowest-priced purchase, regardless of the order in which the transactions occurred or whether there is any overall profit.

Under SEC rules, certain transactions, including gifts, approved option grants and other transactions under employee benefit plans, are considered “exempt transactions” under Section 16(b) and do not give rise to profit recovery. These exempt transactions in most cases are still required to be reported under Section 16(a).

Consequences of Failures to Report

The SEC’s rules require companies to list in their annual proxy statement the names of any Section 16 reporting person who, during the preceding fiscal year, failed to file on a timely basis any of the required reports. The consequences of filing a late report or not filing a required report can be significant:

- You and the company may be the subject of adverse publicity as a result of disclosures in the proxy statement.
- You may be subject to an SEC “cease and desist” order.
- You may be required to pay substantial fines for each filing violation.
- Willful failures to file can be, and occasionally have been, prosecuted as a criminal violation of the federal securities laws.

Reporting persons should note that, even if a transaction is properly reported, the transaction can give rise to liability under Section 16(b) if it can be “matched” against another transaction occurring within six months. As explained above, you are required to disgorge the profit from such a match to the company, and if you do not do so, you can rest assured that you will soon be receiving a demand letter or civil complaint from one or more plaintiffs’ lawyers who specialize in Section 16 actions.

Filing Responsibilities and Required Forms

Under Section 16, you are personally liable for the failure to file required reports on a timely basis. To assist our officers and directors in meeting required filing deadlines, the company will prepare and file required Section 16 reports for all approved transactions, unless you have indicated that you prefer to prepare and file your own reports. You are required to sign a power of attorney which will give the company’s general counsel the authority to prepare and file on your behalf the following required forms:

- *Form 3* must be filed when a person first becomes subject to Section 16. The Form 3 requires the reporting person to list all holdings of company stock, options or other “derivative securities.” The Form 3 generally must be received by the SEC within ten calendar days after the reporting person becomes an officer, director or 10% holder.

- *Form 4* must be filed whenever there is a change in the beneficial ownership of securities, including acquisitions or dispositions of company stock. In certain circumstances, changes in the nature of the reporting person's ownership (e.g., from direct to indirect) must be reported on Form 4. Stock option grants and exercises also must be reported on Form 4. Under the Sarbanes-Oxley Act, a Form 4 must be received by the SEC no later than the second business day after a change in beneficial ownership.
- *Form 5* must be filed each year (within 45 days after the end of the company's fiscal year) to report certain exempt transactions and to report failures to file previously due reports. The Sarbanes-Oxley Act has narrowed dramatically the types of exempt transactions previously eligible for deferred reporting on Form 5, as discussed under "Deferred Reporting for Certain Transactions" below.

Additionally, as noted above, Form 5 requires the reporting of any transactions which should have been reported during the fiscal year on a Form 3 or Form 4 but were not. Officers and directors will be required to provide the company with a written representation in the form of Exhibit C at each fiscal year-end stating:

- that they have pre-cleared all transactions during the fiscal year as required by the Section 16 Compliance Program, and
- if applicable, that no Form 5 is due because all holdings and transactions previously have been reported on Form 3 or Form 4.

Deferred Reporting for Certain Transactions

The SEC adopted amended rules implementing the Sarbanes-Oxley Act reporting deadline effective as of August 29, 2002. The amended rules eliminated deferred reporting (i.e. on Form 5) for transactions between officers or directors and the company. Consequently, even though they remain exempt from Section 16(b) liability, stock option grants and exercises are now required to be reported on Form 4 within two days of the transaction. Deferred reporting on Form 5 for some other exempt transactions, such as gifts and inheritances, continues to be available. In addition, the SEC rules allow for a deferral (for up to three days) of certain specified types of transactions under Rule 10b5-1 trading plans and under multi-fund employee benefit plans where the insider does not control the timing of transaction execution.

Transactions which were exempt from Section 16 reporting altogether, such as transfers pursuant to domestic relations orders, stock splits, and routine acquisitions under tax-qualified employee benefit plans, continue to be exempt from reporting under the new rules.

In accordance with the Sarbanes-Oxley Act and the Section 16 rule amendments, the Company requires its officers and directors to report all transactions in company stock, options and derivative securities, including exempt transactions, on Form 4 within the two-day filing deadline. The Company allows deferred reporting or non-reporting of certain exempt transactions to the extent permitted by the SEC's amended rules.

II. PRE-CLEARANCE AND REPORTING PROCEDURES

Designated Filing Coordinators

The company has designated Robert E. Pokusa, Esq. as the Section 16 filing coordinator to assist reporting persons in obtaining required pre-clearance of all transactions and to prepare all Form 3, 4 and 5 filings. In the event Mr. Pokusa is absent from the office, Christopher G. Miller will serve as the back-up filing coordinator.

Advance Notification and Pre-Clearance Of All Transactions Required

All transactions in company stock, options or other “derivative securities” by officers and directors, or their family members sharing the same household, must be pre-cleared by the company’s general counsel. The pre-clearance requirement applies to any change in beneficial ownership of company equity securities, including purchases, sales, stock option exercises, transfers, gifts and changes in the form of ownership, and transactions in which you have any indirect interest. The pre-clearance requirement also applies to any pledges of company stock, including the establishment of a margin account containing company stock. No transaction which in any way affects your ownership of company securities is exempt from this requirement.

You must make arrangements with your family members and fiduciaries, such as trustees of family trusts, to collect all of the information necessary to provide notification to the company in advance of any transaction in compliance with the pre-clearance requirement.

If you or a family member wishes to effect a transaction, you must contact the Section 16 filing coordinator in advance of doing so. We require you to give notice of any proposed transaction at least **three (3)** business days prior to the proposed transaction date. Please recognize that, in accordance with our pre-clearance policy, the general counsel has the discretion to disapprove or to delay your proposed transaction, so there is no guarantee that you will be able to effect the transaction within the desired time frame. The filing coordinator will e-mail you a form of Pre-Clearance Request similar to Exhibit D. Please complete the form and e-mail it back to the filing coordinator.

The general counsel may grant approval for your proposed transaction in his discretion, based on

- whether you may have possession of material nonpublic information,
- whether the trading “window” period is in effect,
- whether the transaction could result in liability to you under the short-swing rules of Section 16(b),
- whether the company’s filing coordinator has been given sufficient advance notice to allow preparation and review of a Form 4,
- whether the transaction complies with Rule 144 and other legal requirements,

- whether the transaction could result in adverse publicity or have a material adverse impact on trading in the company's stock, or
- other relevant considerations.

Please be aware that, if the general counsel determines to withhold clearance of your proposed transaction, the general counsel cannot be "overruled" by you or any other member of management. In the event of a disagreement regarding a proposed transaction, the general counsel is required to report the proposed transaction to the Audit Committee of the Board of Directors should you wish to obtain final resolution of your pre-clearance request. The general counsel and the Audit Committee may obtain the advice of outside legal counsel with respect to your request. You may not in any event engage in the proposed transaction until your request has been finally resolved to the satisfaction of the general counsel or, if applicable, the Audit Committee.

Preparing and Reviewing Forms 3, 4 and 5

The filing coordinator will prepare the Form 3 for an individual who becomes an officer or director. In addition, the filing coordinator will prepare the Form 4 whenever there is an acquisition or disposition of shares, options or other derivative securities (including option grants and exercises) by an officer or director that would require a filing (unless you have indicated that you prefer to prepare and file your own Forms 4).

- For officers and directors, the filing coordinator will prepare a draft filing based upon the information provided by the officer or director, and return it for the individual's review.
- For 10% stockholders, the filing coordinator will, on request, review a proposed transaction, including any Form 4s prepared by the stockholder, prior to the required filing date. The filing coordinator may, at his or her discretion, assist a 10% stockholder by undertaking to prepare a Form 4 with respect to the proposed transaction.

In each case, the filing coordinator will require each reporting person's input whenever there is any acquisition or disposition of shares, as well as his or her assistance in completing the required forms. Due to the requirement imposed under the Sarbanes-Oxley Act to file a Form 4 within two business days of a change in beneficial ownership, it is essential that you respond promptly to the filing coordinator and to provide all information necessary for SEC reporting if you wish to obtain approval of and to proceed with any proposed transaction.

In addition, you or your broker must report the execution quantity and price of any transaction to the filing coordinator promptly on the day of execution in order to permit completion of the Form 4.

Power of Attorney

In order to permit Forms 4 to be filed on a timely basis, officers and directors who have not already done so are required to sign and return to the filing coordinator the power of attorney attached as Exhibit E. The power of attorney gives the company the authority to execute and file on your behalf Section 16 reports for all of your transactions.

Your Broker's Obligations

Officers and directors are required to instruct their broker who handles trades in company stock to:

- verify with the company's filing coordinator that the proposed trade was pre-cleared by the company in advance of entering any trading order for company stock;
- confirm that the brokerage firm's Rule 144 and other compliance procedures have been followed in connection with all trades; and
- report to the company's filing coordinator the execution quantity and price of any trade promptly on the day of execution.

Delivery of Reports to SEC

As a general rule, Forms 3, 4 and 5 are considered filed only when received by the SEC in Washington. A report will be deemed timely filed, however, if sent by a delivery service that guarantees delivery by the due date (i.e. an overnight service such as Federal Express). A delivery service receipt must be kept to prove timely filing. The Sarbanes-Oxley Act requires the SEC, within one year, to develop rules requiring all Section 16 filings to be made electronically. On or before the date of such rules, the company will implement an electronic filing system for all Section 16 filings. Prior to the implementation of electronic filing, the requirement for physical delivery means that Forms 4 must be completed on the first business day following the transaction so they may be transmitted to the SEC by overnight courier.

Insider Trading Compliance

Before you make any purchase or sale of Company Securities, you must review and comply with the Company's Insider Trading Policy. The Company's Insider Trading Policy and federal securities law prohibits trading in Company stock when you may be in possession of material information about the company which has not been publicly disclosed. This also applies to members of your household as well as all others whose transactions may be attributable to you. Material information is, in short, any information that could affect the stock price. Either positive or negative information may be material. Moreover, the Company's Insider Trading Policy prohibits trading in Company stock except during specified quarterly "window" periods. For further information, please refer to the Company's Insider Trading Policy.

A Note Regarding 10b5-1 Trading Plans

Any officer or director who proposes to enter into a trading plan under SEC Rule 10b5-1 must obtain pre-clearance of the plan in accordance with this Section 16 Compliance Program. You may enter into a trading plan only when you are not in possession of material nonpublic information, and only when a trading “window” applies under the Company’s Insider Trading Policy. Although transactions effected under a trading plan will not require further pre-clearance at the time of the trade, the transactions (including quantity and execution price) must be reported to the filing coordinator promptly on the day of each trade to permit the filing coordinator to prepare and file a required Form 4. Your broker who implements the trading plan must be instructed to provide such notice to the filing coordinator.

Puts, Calls and Short Sales

Officers and directors are prohibited by the Company’s Insider Trading Policy and Section 16(c) from engaging in short sales of the Company’s equity securities. Officers and directors are also prohibited from trading in put and call options with respect to the Company’s stock.

The Ultimate Responsibility is Yours

While the company is offering its assistance to its officers and directors to help them comply with the Section 16 rules, you should recognize that it remains your obligation to see that your filings are accurate and made on time and that you have no Section 16(b) or Rule 10b-5 insider trading liability. The Company cannot assume any legal responsibility in this regard. Under the law, if a filing is missed, you are personally responsible, notwithstanding that the company has undertaken to prepare a required Form 4 or 5 under this Section 16 Compliance Program. Please do not hesitate to call our general counsel or the Section 16 filing coordinator if you have any questions about this Program, about any proposed transaction or about the new Section 16 reporting requirements generally or in regard to any particular transaction.