

**KAMAN CORPORATION
INSIDER TRADING POLICY**

(Effective as of November 14, 2023)

Purpose. This Policy sets forth the general standards for directors, officers and employees, as well as certain consultants and contractors, of Kaman Corporation and its subsidiaries (collectively, the “**Company**”) with respect to engaging in transactions in the Company’s securities and the securities of other publicly-traded companies. In addition, the Addendum to this Policy describes certain special policies and procedures that are applicable to directors, executive officers, and certain designated employees relating to restrictions on trading, pre-clearance, and reporting of transactions in Company securities. This Insider Trading Policy is in addition to the Kaman Corporation Regulation FD Disclosure Policy and the Kaman Code of Conduct, as presently in effect.

Company Assistance. Any person who has questions about this Policy or its application to any proposed transaction may obtain additional guidance from the General Counsel of the Company. Ultimately, however, the responsibility for adhering to this Policy and avoiding unlawful transactions rests with the individual.

Individual Responsibility. Every director, officer, employee, consultant and contractor subject to this Policy, has the individual responsibility to comply with this Policy against insider trading, even if it means having to forego a planned transaction in Company securities that is necessary to generate liquid assets for an important personal expense, such as a down payment on a home, a tuition payment, a wedding or a vacation.

A. Applicability.

This Policy applies to all transactions in Company securities, including common stock, options for 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 directors, officers and employees of the Company and its subsidiaries. This Policy also applies to any consultants and contractors of the Company and its subsidiaries who receive or have access to Material Nonpublic Information (as defined below) regarding the Company and to whom the Company communicates this Policy.

B. General Policy.

No director, officer or other employee of the Company, and no consultant or contractor to the Company subject to this Policy, who is aware of Material Nonpublic Information regarding the Company may, directly or through a Related Person (as defined below), (i) purchase or sell Company securities, (ii) gift Company securities, (iii) engage in any other action to take advantage of that information, or (iv) provide any such information to others outside the Company, including family and friends.

In addition, no director, officer or other employee of the Company may, directly or through a Related Person, trade in the securities of any other company if he or she is aware of Material Nonpublic Information about the other company which he or she obtained in the course of his or her employment with, or other service to, the Company. For example, a director, officer or other employee of the Company may not trade in the securities of other companies, such as vendors or suppliers of the Company or those companies with which the Company may be negotiating a major transaction, while in possession of Material Nonpublic Information about that company. Information that is not Material Nonpublic Information with

respect to the Company may still be material to these other entities. No director, officer or employee who knows of any such Material Nonpublic Information may communicate that information to, or tip, any other person, including family members and friends, or otherwise disclose such information without the Company's authorization.

A director, officer or other employee of the Company who is aware of Material Nonpublic Information relating to the Company or another company must forego any transactions in Company securities or the securities of the other company even though:

- the transaction was planned before learning the Material Nonpublic Information,
- not completing the transaction may result in the loss of money or a potential profit, or
- the transaction may be necessary or seem justifiable for independent reasons (including a need to raise money for a personal financial expense).

ALL TRANSACTIONS WILL BE SCRUTINIZED AFTER THE FACT, WITH THE BENEFIT OF HINDSIGHT. ACCORDINGLY, BEFORE ENGAGING IN A TRANSACTION, ALL PERSONS SUBJECT TO THIS POLICY SHOULD CAREFULLY CONSIDER HOW THE TRANSACTION MAY BE VIEWED BY ENFORCEMENT AUTHORITIES AND OTHERS IN HINDSIGHT. IF YOU ARE UNSURE ABOUT THE APPLICATION OF THIS POLICY TO ANY PARTICULAR TRANSACTION, YOU SHOULD CONSULT WITH THE GENERAL COUNSEL.

C. Certain Definitions.

1. Material Nonpublic Information.

(a) Material Information. Information is regarded as material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision regarding the purchase or sale of a security or where the information is likely to have a significant effect on the market price of the security. Either positive or negative information may be material. Possible material information includes, but is not limited to:

- Earnings information and quarterly results;
- Guidance on earnings estimates;
- Mergers, acquisitions, tender offers, joint ventures or changes in assets;
- New products, contracts with suppliers, or developments regarding customers or suppliers (e.g., the acquisition or loss of a contract);
- Changes in auditor or auditor notification that a company may no longer rely on an audit report;
- Events regarding a company's securities (e.g., defaults on senior securities, calls of securities for redemption, repurchase plans, stock splits or changes in dividends, changes to rights of security holders, public or private sales of additional securities or information related to any additional funding);
- Impending bankruptcy, receivership or financial liquidity problems;
- Regulatory approvals or changes in regulations;
- Cybersecurity risks and incidents, including vulnerabilities and breaches;
- Significant exposure due to actual or threatened litigation or government agency investigations; or
- Changes in senior management.

IT CAN SOMETIMES BE DIFFICULT TO KNOW WHETHER INFORMATION WOULD BE CONSIDERED MATERIAL. WHEN DOUBT EXISTS, THE INFORMATION SHOULD BE

PRESUMED TO BE MATERIAL. IF YOU ARE UNSURE WHETHER INFORMATION OF WHICH YOU ARE AWARE IS MATERIAL, YOU SHOULD CONSULT WITH THE GENERAL COUNSEL.

(b) Nonpublic Information. Nonpublic information, whether or not material, is information that has not been made available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to the public, such as to the wire services through a press release or through a Securities and Exchange Commission (“SEC”) filing, and a sufficient period of time must have elapsed to allow the information to be fully disclosed to the general public. As a general rule, information shall not be considered fully disclosed to the general public until after the close of business on the second full trading day (every day that the New York Stock Exchange is open for trading) following the date of public disclosure of the information.

2. Related Person.

A Related Person includes your spouse, minor children and anyone else living in your household; partnerships in which you are a general partner; trusts of which you are a trustee; and estates of which you are an executor.

D. Specific Policies.

1. Prohibited Transactions in the Company’s Securities.

While you are aware of Material Nonpublic Information, neither you nor any Related Person may trade in Company securities. This includes a prohibition on:

- placing purchase or sell orders or recommending that another person place purchase or sell orders in Company securities or derivative instruments relating thereto;
- gifting Company securities;
- exercising stock options (other than as provided below); and
- effectuating transactions under Company benefit plans to the extent the transactions involve an investment in Company securities, including elections to participate in a plan or allocate contributions to a plan’s Company stock fund, changes in those contribution elections and intra-plan transfers into and out of Company stock funds.

The only exceptions to the Policy are:

- Award payouts by the Company to you under equity-based compensation plans.
- Any purchase or sale of Company securities made pursuant to an Approved Rule 10b5-1 Trading Plan (as defined below).
- The exercise of stock options for cash or the net exercise of stock options pursuant to the terms and provisions of any Company equity incentive plans (but not the sale of any shares received upon exercise, including the cashless exercise of a stock option through a broker or other financial intermediary).
- The exercise of tax withholding rights pursuant to which shares of Company stock are withheld to satisfy federal or state tax withholding requirements.
- The purchase, but not the sale, of Company stock pursuant to regular, automatic payroll deductions or the reinvestment of dividends under any benefit plans maintained by or on behalf of the Company.
- The transfer of securities to a spouse or to a revocable grantor trust.
- Any transaction specifically approved in writing in advance by the General Counsel.

2. Approved Rule 10b5-1 Trading Plans. For purposes of this Policy, an “**Approved Rule 10b5-1 Trading Plan**” means and includes any purchase or sale of Company securities made pursuant to a plan or arrangement that complies with Rule 10b5-1 under the Securities Exchange Act of 1934, provided that:

- the plan or arrangement is approved in advance by the General Counsel at least five business days in advance of being entered into (or, if modified, at least five business days in advance of such modifications being entered into);
- the plan or arrangement is established (or modified) in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, at a time when the person establishing (or modifying) the plan or arrangement is not aware of any Material Nonpublic Information relating to the Company and, if the person establishing (or modifying) the plan or arrangement is an Insider (as defined in the Addendum), during an open Trading Window (as defined in the Addendum);
- the plan or arrangement provides that no trades may occur thereunder until expiration of the applicable cooling-off period specified in Rule 10b5-1(c)(1)(ii)(B), and no trades occur until after that time. The appropriate cooling-off period will vary based on the status of the person establishing (or modifying) the plan or arrangement. For directors and officers, the cooling-off period ends on the later of (x) ninety days after adoption or modification of the 10b5-1 plan; or (y) two business days following disclosure of the Company's financial results in a Form 10-Q or Form 10-K for the quarter in which the 10b5-1 plan was adopted. For all other persons, the cooling-off period ends 30 days after adoption or modification of the 10b5-1 plan. This required cooling-off period will apply to the entry into of each new 10b5-1 plan and any revision or modification of a 10b5-1 plan;
- the plan or arrangement gives a third party the discretionary authority to execute such purchases and sales, outside the control of the person establishing (or modifying) the plan or arrangement, so long as such third party does not possess any material nonpublic information about the Company; or 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 in accordance with Rule 10b5-1(c)(1)(i)(B);
- the plan or arrangement is the only outstanding Approved Rule 10b5-1 Trading Plan entered into by such person (subject to the exceptions set out in Rule 10b5-1(c)(ii)(D)); and
- the plan or arrangement otherwise meets all other legal and regulatory requirements pertaining to such plans, including the other requirements set out in Rule 10b5-1(c).

IF YOU ARE CONSIDERING ENTERING INTO, MODIFYING OR TERMINATING AN APPROVED RULE 10B5-1 TRADING PLAN OR HAVE ANY QUESTIONS REGARDING APPROVED RULE 10B5-1 TRADING PLANS, PLEASE CONTACT THE GENERAL COUNSEL. YOU SHOULD CONSULT YOUR OWN LEGAL AND TAX ADVISORS BEFORE ENTERING INTO, OR MODIFYING OR TERMINATING, AN APPROVED RULE 10B5-1 TRADING PLAN. A TRADING PLAN, CONTRACT, INSTRUCTION OR ARRANGEMENT WILL NOT QUALIFY AS AN APPROVED RULE 10B5-1 TRADING PLAN WITHOUT THE PRIOR REVIEW AND APPROVAL OF THE GENERAL COUNSEL AS DESCRIBED ABOVE.

3. Tipping.

You and your Related Persons are prohibited from disclosing (tipping) Material Nonpublic Information to any other person (including family members) where that information may be used by that

person for his or her profit by trading in the securities of companies (including the Company) to which the information relates. Also, you and your Related Persons may not make recommendations or express opinions concerning transactions in the Company's (or any other company's) securities on the basis of Material Nonpublic Information.

3. Confidentiality.

Unauthorized disclosure of Material Nonpublic Information could create serious problems for the Company, whether or not the information was disclosed for the purpose of conducting improper transactions in the Company's securities. Accordingly, no director, officer or employee of the Company may discuss Material Nonpublic Information with anyone outside the Company, including through the use of e-mail or the Internet (including on-line bulletin boards and chat rooms). Further, as set forth in the Kaman Corporation Regulation FD Disclosure Policy, no director, officer or employee of the Company should answer questions from any news media reporters, securities analysts, or shareholders about the Company, or its business, policies or practices, either directly or through another person. Instead, such inquiries should be referred to an Authorized Spokesperson (as defined in the Regulation FD Disclosure Policy).

4. Post Termination Transactions.

A former director, officer or employee who is no longer employed by, or affiliated with, the Company but who has Material Nonpublic Information must continue to comply with this Policy and may not trade in Company securities until the material information in his or her possession has become public or is no longer material.

5. Transacting in Securities of Other Companies.

Neither you nor any Related Person may place purchase or sell orders or recommend that another person place a purchase or sell order in the securities of another company if you become aware of Material Nonpublic Information about the other company in the course of your employment by or affiliation with the Company until two full trading days following the date such Material Nonpublic Information becomes available to the general public.

E. Violations of this Policy – Potential Criminal and Civil Liability and/or Disciplinary Action.

The Company expects strict compliance by all persons subject to this Policy, and appropriate judgment should be exercised in connection with any transactions in Company securities. The consequences for violating this Policy can be severe.

1. Liability for Insider Trading.

A person who violates insider trading laws by engaging in transactions in a company's securities when he or she has Material Nonpublic Information can be sentenced to a substantial jail term and required to pay civil and/or criminal penalties of several times the amount of profits gained or losses avoided.

2. Liability for Tipping.

Individuals who tip others (“**tippers**”) may also be liable for improper transactions by the **tippees** 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

Company securities. Tipsters would be subject to the same penalties and sanctions as tippees, and the SEC has imposed large penalties even when the tipster did not profit from the trading. The Securities and Exchange Commission, the stock exchanges (including the NYSE on which the Company's common stock currently trades), and the Financial Industry Regulatory Authority, use sophisticated electronic surveillance techniques to investigate and uncover insider trading, which may include requesting the Company's cooperation in such investigations.

3. Control Persons.

The SEC can also seek substantial civil penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation," which would apply to the Company and/or management and supervisory personnel if they fail to take appropriate steps to prevent illegal insider trading. These control persons may be held liable for up to the greater of \$2,301,065 (as may be adjusted for inflation) or three times the amount of the profits gained or losses avoided. Even for violations that result in a small or no profit, the SEC can seek penalties from a company and/or its management and supervisory personnel as control persons.

4. Company-Imposed Disciplinary Actions.

Employees of the Company who violate this Policy may also be subject to disciplinary action by the Company, including dismissal for cause, regardless of whether such failure to comply is a violation of law.

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**ADDENDUM TO
KAMAN CORPORATION
INSIDER TRADING POLICY**

This Addendum to the Kaman Corporation Insider Trading Policy applies to the following persons (who are collectively referred to as “**Insiders**”):

- all members of the Board of Directors (each, a “**Director**”),
- all executive officers of the Company and those officers who have been notified that they are subject to the provisions of Section 16 (“**Section 16**”) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) (each, a “**Section 16 Officer**”), and
- certain employees of the Company who have been separately notified by the General Counsel that these provisions apply to them (“**Designated Employees**”).

This Addendum sets forth requirements and restrictions specifically applicable to Insiders, due to their increased access to Material Nonpublic Information. This Addendum supplements the Insider Trading Policy, which is also applicable to all Insiders, and any references to compliance with the Policy shall include this Addendum for purposes of Insiders. Please read this Addendum carefully.

I. BLACKOUT PERIODS AND PRECLEARANCE.

A. Black-Out Periods.

(a) Quarterly Blackout Periods. The period beginning at the close of the Trading Window (as defined below) in each fiscal quarter and ending at the close of business on the second full Trading Day following the filing date of the Company’s Form 10-Q (or Form 10-K, for the fourth quarter) for that quarter is a particularly sensitive period of time for transactions in Company stock from the perspective of compliance with applicable securities laws. This sensitivity is due to the fact that officers, directors and certain employees will, during that period, often possess Material Nonpublic Information about the expected financial results for the quarter ending during that period. This period of time is referred to as a “**Quarterly Blackout Period**,” and all Insiders are prohibited from trading in Company securities during a Quarterly Blackout Period.

(b) Interim Guidance and Event-Specific Blackout Periods. In addition, from time to time Material Nonpublic Information regarding the Company may be pending, such as interim earnings guidance, entry into merger or other acquisition or disposition agreements, or results of certain negotiations. Prior to the public disclosure of the Material Nonpublic Information, the Company may impose a special blackout period (an “**Event-Specific Blackout Period**”), during which Insiders and any other individuals notified by the Company will be prohibited from trading in Company securities. The existence of an Event-Specific Blackout Period will not be announced, other than to those individuals who are aware of the Material Nonpublic Information which requires the imposition of the Event-Specific Blackout Period.

(c) Limited Exception for Approved Rule 10b5-1 Plans. Trading restrictions under Quarterly Blackout Periods and Event-Specific Blackout Periods (each, a “**Blackout Period**”) do not apply to transactions made under an Approved Rule 10b5-1 Trading Plan once the applicable cooling-off period has expired, although an Approved Rule 10b5-1 Trading Plan may not be established during a Blackout Period.

DURING A BLACKOUT PERIOD, NEITHER YOU NOR ANY OF YOUR RELATED PERSONS MAY EFFECTUATE ANY TRANSACTIONS IN COMPANY SECURITIES.

B. Pre-Clearance of Trades.

(a) Trading Window. Insiders generally may conduct transactions in Company securities only during the period (a “**Trading Window**”) commencing at the opening of the market on the third full trading day following the filing of the Company’s Form 10-Q (or Form 10-K) for a particular fiscal quarter or year and continuing until the close of business on the fifteenth calendar day of the last month of the next succeeding fiscal quarter. This restriction on trading does not apply to transactions made under an Approved Rule 10b5-1 Trading Plan once the applicable cooling-off period has expired. Management reserves the right to close the Trading Window after it opens, or to prevent the Trading Window from opening if, in the judgment of management, the existence or likelihood of material nonpublic events makes such actions advisable.

It should be noted that, even during a Trading Window, any person possessing Material Nonpublic Information concerning the Company, may not engage in any transactions in Company securities until such information has been known publicly for at least two full trading days, whether or not the Company has recommended a suspension of trading to that person. This restriction on trading does not apply to transactions made under an Approved Rule 10b5-1 Trading Plan once the applicable cooling-off period has expired. **TRADING IN COMPANY SECURITIES DURING A TRADING WINDOW SHOULD NOT BE CONSIDERED A “SAFE HARBOR,” AND ALL DIRECTORS, OFFICERS AND OTHER PERSONS SHOULD USE GOOD JUDGMENT AT ALL TIMES.**

(b) Pre-Clearance of Trades. Directors and Section 16 Officers must pre-clear all transactions in Company securities in accordance with the following pre-clearance process, even during an open Trading Window. Each such person should contact the Company’s General Counsel, or his designee in the Legal Department, in advance of any proposed transaction in Company securities. The General Counsel will consult as necessary with senior management of the Company before clearing any proposed transaction. If the General Counsel or his designee in the Legal Department pre-clears a transaction, it may be effectuated at any time during the next succeeding period of five (5) trading days. If the transaction is not effectuated during such five (5) trading day period, pre-clearance of the transaction must be re-requested. If pre-clearance is denied, the fact of such denial must be kept confidential by the person requesting such pre-clearance. Although an Insider wishing to trade pursuant to an Approved Rule 10b5-1 Trading Plan once the applicable cooling-off period has expired need not seek pre-clearance from the General Counsel before each trade takes place, such an Insider must obtain approval of the General Counsel for the proposed plan or arrangement plan before it is adopted. Approved Rule 10b5-1 Trading Plans may not be adopted during a Blackout Period and may only be adopted when the Insider adopting the plan is not aware of any Material Nonpublic Information.

C. Additional Prohibited Transactions.

The Company considers it improper and inappropriate for Insiders to engage in short-term or speculative transactions in the Company’s securities. Therefore, it is the Company’s policy that such individuals may not engage in any of the following transactions:

(a) Short-Term Trading. Short-term trading of the Company’s securities may be distracting and may unduly focus the investor on the Company’s short-term stock market performance instead of the Company’s long-term business objectives. For these reasons, Insiders who purchase Company securities in the open market may not sell any Company securities of the same class during the six months following the purchase, whether or not such person is subject to Section 16 restrictions.

(b) Short Sales. Short sales of the Company’s securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller

has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, Insiders, whether or not covered by Section 16, are prohibited from engaging in short sales of the Company's securities as described in Section 16(c) of the Exchange Act.

(c) Publicly-Traded Options. A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that the Insider is trading based on inside information. Transactions in options also may focus the investor's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities, on an exchange or in any other organized market, are prohibited.

(d) Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow a person to lock in much of the stock holdings' value, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow a person to continue to own the Company's securities, but without the full risks and rewards of ownership. When that occurs, the individual may no longer have the same objectives as the Company's other shareholders. Therefore, Insiders are prohibited from purchasing any financial instruments (such as prepaid variable forward contracts, equity swaps, collars or exchange funds) or otherwise engaging in any transactions that hedge or offset any decrease in the market value of Company securities or limit the Insider's ability to profit from an increase in the market value of Company securities.

(e) Margin Accounts and Pledges. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of Material Nonpublic Information or otherwise is not permitted to trade in Company securities, Insiders are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan.

II. SECTION 16 AND RULE 144 REPORTING.

Section 16 of the Exchange Act requires members of the Company's Board of Directors and the Company's Section 16 Officers ("**Covered Persons**") to file reports reflecting transactions in the Company's equity securities (including derivatives and security-based swap agreements related to such securities). Section 16 also compels these persons to disgorge short-swing profits derived from trading activity within any six-month period.

A. Section 16 Reporting Obligations.

Each person who is or becomes a Covered Person must file reports concerning his or her beneficial ownership of Company securities with the SEC and the Company. There are three types of forms that must be submitted on a timely basis to comply with Section 16 reporting requirements:

- **Form 3 for First-Time Filers:** This form must be filed within 10 calendar days after the event triggering the filing. Triggering events include becoming a director or reporting officer (whether or not such person owns any corporate securities), or any transaction that places an investor's holdings in the Company above 10 percent for the first time. Form 3 requires information as to the Covered Person's beneficial ownership of all classes of the Company's equity securities, including options.
- **Form 4 for Changes in Beneficial Ownership:** This form is used to report changes in the Covered Person's ownership position. It must be filed within two (2) business days

after the transaction occurred. Directors and officers who cease to hold their positions must still report certain changes on Form 4 for up to six months after leaving their positions.

- **Form 5 for Annual Reconciliation:** The Form 5 is an annual report used to disclose certain exempt transactions (typically acquisitions of securities by gift) not previously reported on Form 4. It must be filed within 45 calendar days after the end of a corporation's fiscal year. Many Covered Persons customarily file a Form 4 for all transactions, whether or not exempt, which negates the requirement of filing a Form 5.

It is the Company's policy that the ultimate responsibility to prepare and timely file Forms 3, 4 and 5 rests with the Covered Person, and NOT with the Company. As an accommodation to the Company's Covered Persons, it is the Company's practice to furnish, prepare and file Forms 3, 4 and 5 for the Covered Persons, and the Company may send each Covered Person reminders or alerts from time to time. Each Covered Person is obligated to promptly provide information to the office of the General Counsel concerning any change in his or her beneficial ownership of Company securities to ensure timely filing.

B. Changes in Beneficial Ownership Covered by Section 16.

As noted above, transactions causing changes in a Covered Person's beneficial ownership are generally required to be reported on a Form 4. A wide range of transactions can trigger this reporting requirement, and Covered Persons should therefore consider the following points:

- Reports under Section 16 cover beneficial ownership, as opposed to mere record ownership, of Covered Persons, and therefore include securities held by others for the Covered Person's benefit (regardless of how the securities are registered).
- Securities held by immediate family members living in a Covered Person's home are rebuttably presumed to be beneficially owned by the Covered Person.
- A Covered Person may in certain circumstances be presumed to beneficially own Company securities held in trust. This ownership may include trusts (including living or family trusts) in which the Covered Person is a settlor or has or shares investment control. In addition, trusts in which the Covered Person, or his or her immediate family member (whether or not living in the reporting officer's or director's home), is a beneficiary are subject to particularly complex reporting requirements.
- The concept of "securities" for Section 16 purposes includes derivative securities (such as certain deferred stock units, options, stock appreciation rights and other rights with an exercise or conversion privilege at a price related to an equity security) as well as security-based swap agreements.

C. Failure to Comply with Section 16.

1. Civil and Criminal Penalties.

The consequences for failure to file a Form 3, 4 or 5 or failure to file on a timely basis could result in civil penalties, including substantial monetary penalties and cease and desist orders prohibiting the Covered Person from trading in the Company's stock for a certain period of time. Criminal penalties could be imposed for a willful failure to comply with reporting provisions. Also, the Company must identify in its annual proxy statement Covered Persons who failed to file reports or who filed delinquent reports in the previous fiscal year.

2. Disgorgement of Short Swing Profits.

In addition, under Section 16, Covered Persons face strict liability for effecting non-exempt purchases and sales (or sales and purchases) in the Company's securities or security-based swap agreements within a six-month period that result in a "short-swing profit" (whether this profit is actual or imputed). The statute compels the Covered Person to disgorge all profits (as calculated pursuant to Section 16) gained in the transactions. The proceeds of the disgorgement are turned over to the Company's treasury. If the Company does not bring an action to recover these profits, any stockholder acting on the Company's behalf may do so. These stockholder lawsuits are not infrequent because the various reports that must be filed pursuant to Section 16 are publicly available. There are many law firms that actively monitor filings and file lawsuits if they identify violations.

D. Limitations and Requirements on Resales of the Company's Securities.

Under the Securities Act of 1933 (the "**Securities Act**"), directors and certain officers who are affiliates¹ of the Company who wish to sell Company securities generally must comply with the requirements of Rule 144 or be forced to register them under the Securities Act. "Securities" under Rule 144 (unlike under Section 16) are broadly defined to include all securities, not just equity securities. Therefore, the Rule 144 requirements apply not only to common and preferred stock, but also to bonds, debentures and any other form of security. Also, the safe harbor afforded by this rule is available whether or not the securities to be resold were previously registered under the Securities Act (except that the minimum holding period required to satisfy the safe harbor shall apply only to securities which were not registered under the Securities Act).

The relevant provisions of Rule 144 as they apply to resales by directors and officers seeking to take advantage of the safe harbor are as follows:

1. **Current public information.** There must be adequate current public information available regarding the Company. This requirement is satisfied only if the Company has (a) filed all reports required by the Exchange Act and (b) submitted all required Interactive Data Files to the SEC and posted such information to the Company website during the twelve months preceding the sale.

2. **Manner of sale.** The sale of Company shares by a director or officer must be made in an open market transaction through a broker at the prevailing market price for no more than the usual and customary brokerage commission (or to a market maker at the price held out by the market maker)³. Furthermore, the broker may not solicit or arrange for the solicitation of customers to purchase the shares. In addition, your broker likely has its own Rule 144 procedures (and must be involved in transmitting Form 144 (see item 4 below)), so it is important to speak with your broker prior to any sale. Even if your stock certificates do not contain any restrictive legends, you should inform your broker that you may be considered an affiliate of the Company.

3. **Number of shares which may be sold.** The amount of securities that a director or officer may sell in a three-month period is limited to the greater of: (i) one percent of the outstanding shares of the same class of the Company, or (ii) the average weekly reported trading volume in the four calendar weeks preceding the transactions.

4. **Notice of proposed sale.** If the amount of securities proposed to be sold by a director or officer during any three-month period exceeds 5,000 shares or has an aggregate sale price in

¹ Rule 144 under the Securities Act defines "affiliate" of an issuer as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer." Further, Rule 144 covers not only current affiliates but those who have been an affiliate within the last three months.

excess of \$50,000, the officer or director must file a notice of sale with the SEC on Form 144 prior to, or concurrently with, the placing of the order to sell securities.

5. **Holding Periods.** Any securities of the Company acquired directly or indirectly from the Company in a transaction that was not registered with the SEC under the Securities Act (restricted securities) must be held for six months prior to reselling such securities. There is no statutory minimum holding period for securities which were registered under the Securities Act or acquired in an open-market transaction. In certain situations (*e.g.*, securities acquired through stock dividends, splits or conversions), “tacking” is permitted, that is, the new securities will be deemed to have been acquired at the same time as the original securities.

E. Broker Interface Procedures.

The timely reporting of transactions and filing of the necessary forms under Rule 144 will require a tight interface with brokers handling the Covered Person’s transactions (including any transaction under an Approved Rule 10b5-1 Trading Plan) and the Company’s General Counsel’s office. A knowledgeable, alert broker can act as a gatekeeper, helping ensure compliance with the Company’s pre-clearance procedures and helping prevent inadvertent violations. Further, the Company will need to receive immediately from a broker handling the Covered Person’s trade information about the trade that is required to be reported on Form 4. Covered Persons are responsible for ensuring that their brokers comply with the mandatory pre-clearance procedures and timely provide the Company with information necessary for the completion of Form 4 reports.