



DIRECTORS, OFFICERS AND COMPANY LIABILITY INSURANCE POLICY DECLARATIONS

THIS IS A CLAIMS MADE AND REPORTED POLICY. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST THE INSUREDS DURING THE POLICY PERIOD OR THE OPTIONAL EXTENSION PERIOD, IF APPLICABLE, PROVIDED SUCH CLAIM IS REPORTED IN WRITING TO THE INSURER AS SOON AS PRACTICABLE BUT IN NO EVENT LATER THAN 60 DAYS AFTER THE END OF THE POLICY PERIOD. AMOUNTS INCURRED AS COSTS, CHARGES AND EXPENSES SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTIONS. THIS POLICY DOES NOT PROVIDE FOR ANY DUTY BY THE INSURER TO DEFEND ANY OF THE INSUREDS. PLEASE READ THIS POLICY CAREFULLY.

These Declarations along with the completed and signed **Application** and the Policy with endorsements shall constitute the contract between the **Insureds** and the Insurer.

Insurer: Beazley Insurance Company, Inc.

Policy No:

Item 1. **Parent Company:**

Principal Address:

Item 2. **Policy Period:**

From:

To:

Both dates at 12.01 a.m. Local Time at the Principal Address stated in Item 1.

Item 3. **Limit of Liability:**

a. \$ in the aggregate for the **Policy Period**.

b. \$ for all **Costs of Investigation** under Insuring Clause I.D.

Item 4. **Retentions:**

\$ each **Claim** other than a **Securities Claim** under Insuring Clause I.B.

\$ each **Securities Claim** under Insuring Clauses I.B. and I.C.

\$ each **Claim** under Insuring Clause I.D.

\$ each **Claim** under Insuring Clause I.E.

Item 5. Optional Extension Period:

a. Premium for **Optional Extension Period:** % of the total premium as for the Policy

b. Length of **Optional Extension Period:**

Item 6. Notification under this Policy:

a. Notification pursuant to Clause VI. shall be given to:

Hanson, Peters, Nye
1301 S. Grove Avenue
Suite 200, Barrington, Illinois 60010
Tel: (847) 277-9988
Fax: (847) 277-7339
Attention: Keith Hanson

b. All other notices under this Policy shall be given to:

Beazley Insurance Company, Inc.
20 Stanford Drive
Farmington, Connecticut 06032
Tel: (860) 677-3700

Fax: (860) 679-0247

Item 7. Pending or Prior Litigation Date:

Insuring Clause I.A:

Insuring Clause I.B:

Insuring Clause I.C:

Insuring Clause I.D:

Insuring Clause I.E:

Item 8. Coinsurance Percentage For **Securities Claims**:

Item 9. **Outside Entities**:

Item 10. Premium:

Item 11. **Terrorism Coverage**:

Coverage Purchased: Yes No

If "Yes", Terrorism Coverage Premium: \$

Item 12. **Endorsements Effective at Inception**:

The Insurer has caused this Policy to be signed and attested by its authorized officers, but it shall not be valid unless also signed by another duly authorized representative of the Insurer.

]

Authorized Representative

Date

Secretary

President

SPECIMEN

DIRECTORS, OFFICERS AND COMPANY LIABILITY INSURANCE POLICY

In consideration of the payment of the premium, in reliance on all statements made in the **Application** and subject to all of the provisions of this Policy, the Insurer and the **Parent Company**, on behalf of all **Insureds**, agree as follows:

I. INSURING CLAUSES

- A. The Insurer shall pay on behalf of the **Directors and Officers** all **Loss** which is not indemnified by the **Company** resulting from any **Claim** first made against the **Directors and Officers** during the **Policy Period** for a **Wrongful Act** provided such **Claim** is reported in writing to the Insurer as soon as practicable but in no event later than sixty (60) days after the expiration of the **Policy Period** or the last day of the **Optional Extension Period**, if purchased.
- B. The Insurer shall pay on behalf of the **Company** all **Loss** which the **Company** is required or permitted to pay as indemnification to any of the **Directors and Officers** resulting from any **Claim** first made against the **Directors and Officers** during the **Policy Period** for a **Wrongful Act** provided such **Claim** is reported in writing to the Insurer as soon as practicable but in no event later than sixty (60) days after the end of the **Policy Period** or the last day of the **Optional Extension Period**, if purchased.
- C. The Insurer shall pay on behalf of the **Company** all **Loss** resulting from any **Securities Claim** first made against the **Company** during the **Policy Period** for a **Wrongful Act** provided such **Securities Claim** is reported in writing to the Insurer as soon as practicable but in no event later than sixty (60) days after the end of the **Policy Period** or the last day of the **Optional Extension Period**, if purchased.
- D. The Insurer shall pay on behalf of the **Company** all **Costs of Investigation** resulting from any **Shareholder Derivative Demand** first made during the **Policy Period** for a **Wrongful Act** provided such **Shareholder Derivative Demand** is reported in writing to the Insurer as soon as practicable but in no event later than sixty (60) days after the end of the **Policy Period** or the last day of the **Optional Extension Period**, if purchased.
- E. The Insurer shall pay on behalf of the **Directors and Officers** all **Loss** resulting from any **Claim** first made against the **Directors and Officers** during the **Policy Period** for a **Wrongful Act** committed while serving in an **Outside Executive Position** provided such **Claim** is reported in writing to the Insurer as soon as practicable but in no event later than sixty (60) days after the end of the **Policy Period** or the last day of the **Optional Extension Period**, if purchased. The coverage afforded by this Insuring Clause shall be specifically excess of any indemnification and insurance available to such **Directors and Officers** from the **Outside Entity**.

II. DEFINITIONS

The following terms whenever used in this Policy in boldface type shall have the meanings indicated.

- A. **“Application”** means all signed applications, including all attachments and other materials submitted therewith or incorporated therein, and any other such documents submitted in connection with the underwriting of this Policy including any endorsement or other part thereof, or any other directors, officers or corporate liability policy of which this Policy is a renewal, replacement or which succeed it in time; and any publicly available documents that are filed by the **Company** prior to the inception date of this Policy with the Securities and Exchange Commission or for any similar federal, state local or foreign regulatory agency, including, but not limited to, the **Company’s** quarterly, annual and other reports to owners of its securities, 10Ks, 10Qs, 8Ks, proxy statements and certifications relating to the accuracy of the foregoing.
- B. **“Claim”** means:
1. a written demand for monetary damages or non-monetary relief against any of the **Insureds**;
 2. a civil, administrative, investigative or regulatory proceeding initiated against any of the **Insureds**, including any proceeding before the Equal Employment Opportunity Commission or any similar federal, state or local governmental body and solely with respect to the coverage afforded pursuant to Clause I.C., any formal investigatory proceeding before the Securities and Exchange Commission or any similar federal, state or local governmental body, commenced by:
 - a) the service of a complaint or similar pleading;
 - b) the filing of a notice of charges, investigative order or similar document; or
 - c) written notice or subpoena from an investigatory authority identifying such **Insured** as an entity or person against whom a formal proceeding may be commenced, or
 3. a criminal investigation or proceeding initiated against any of the **Directors and Officers** commenced by:
 - a) the return of an indictment or similar pleading; or
 - b) written notice or subpoena from an investigatory authority identifying such **Directors and Officers** as individuals against whom a formal proceeding may be commenced;
 4. solely for the purpose of coverage afforded under Insuring Clause I.D., a **Shareholder Derivative Demand**; or

5. a written request received by any of the **Insureds** to toll or waive a statute of limitations.

C. **“Company”** means:

1. the **Parent Company** identified in Item 1. of the Declarations and its **Subsidiaries**, including any such organization as a debtor in possession within the meaning of the United States Bankruptcy Code or similar legal status under foreign law; and
2. any foundation, charitable trust or political action committee controlled by the **Parent Company** and/or its **Subsidiaries**.

D. **“Corporate Takeover”** means:

1. the acquisition by any person or entity of more than 50% of the outstanding securities or equity interest of the **Parent Company** representing the present right to vote for the election of directors; or
2. the merger of the **Parent Company** into another entity such that the **Parent Company** is not the surviving entity.

E. **“Costs, Charges and Expenses”** means reasonable and necessary legal fees and expenses to which the Insurer consents and which are incurred by or on behalf of the **Insureds** in defending, settling, appealing or investigating any **Claim** and the cost of appeal, attachment or similar bonds, but shall not include:

1. salaries, regular or overtime wages, fees or benefit expenses associated with directors, officers or employees of the **Company** or the **Company’s** overhead expenses; or
2. any amounts incurred in defense of any **Claim** for which any other insurer has a duty to defend.

Costs, Charges and Expenses means only **“Costs of Investigation”** for the purpose of coverage afforded under Insuring Clause I.D.

Provided, however, the Insurer shall have no obligation to apply for or furnish any bond for appeal, attachment or any similar purpose.

F. **“Costs of Investigation”** means reasonable and necessary legal fees (including but not limited to attorneys’ fees and experts’ fees) and expenses (other than regular or overtime wages, salaries, fees or benefits of the directors, officers or employees of the **Company** or the **Company’s** overhead expenses) incurred by the **Company** (including its board of directors or any committee of its board of directors) in connection with the investigation or evaluation of any **Shareholder Derivative Demand**.

G. “**Directors and Officers**” means:

1. all persons who were, now are, or shall be duly elected or appointed directors, officers, trustees or **Managers** of the **Company** and all persons serving in a functionally equivalent role for the **Company** if serving in such a position outside the United States;
2. all persons who were, now are, or shall be employees of the **Company**:
 - (a) to the extent such employees are named and maintained as defendants in a **Securities Claim**;
 - (b) to the extent such employees are named and maintained as co-defendants in any **Claim** solely for the purpose of the coverage afforded by Insuring Clauses I.A. and I.B. of this Policy; and
3. the lawful spouse, including any natural person qualifying as a domestic partner under the provisions of any applicable federal, state, or local law in the United States, of any of the persons set forth in subparagraph 1. and 2. of this definition, but solely by reason of such spousal status or such spouse’s ownership interest in property or assets that are sought as recovery for **Wrongful Acts**,

including their estates, heirs, legal representatives or assigns in the event of their death, incapacity or bankruptcy.

Provided, however, coverage afforded under this Policy to a spouse as provided for under subparagraph 3 of this definition does not apply to any **Claim** alleging any act, error or omission by such spouse.

- H. “**Financial Impairment**” means the appointment by any state or federal official, agency or court of any receiver, trustee, examiner, conservator, liquidator, rehabilitator or similar official to take control of, supervise, manage or liquidate the **Company**.
- I. “**Insureds**” means the **Directors and Officers** and the **Company**.
- J. “**Interrelated Wrongful Acts**” means any and all **Wrongful Acts** which have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of causally or logically connected facts, circumstances, situations, events, transactions or causes.
- K. “**Loss**” means the amounts which the **Insureds** become legally obligated to pay on account of a **Claim**, including damages, judgments, any award of pre-judgment or post-judgment interest, costs and fees awarded pursuant to judgments, settlement amounts and **Costs, Charges and Expenses** incurred by any of the **Insureds**, but shall not include:
1. punitive or exemplary damages, except with respect to a **Claim** where the law in the applicable jurisdiction allows coverage for punitive or exemplary damages;

2. that portion of any multiplied damages award which exceeds the amount multiplied;
 3. matters deemed uninsurable under the law pursuant to which this Policy shall be construed;
 4. any reimbursement required pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, including any amendments thereto;
 5. any investigative costs other than **Costs of Investigation** or **Costs, Charges and Expenses** in connection with a **Claim**;
 6. taxes or the loss of tax benefits, or fines or penalties imposed by law; or
 7. any amount that represents or is substantially equivalent to an increase in the consideration paid (or proposed to be paid) by the **Company** in connection with its purchase of any securities or assets.
- L. **“Managers”** means all persons who were, now are, or shall be managers, managing members, members of the board of managers or equivalent executives of a company that is a limited liability corporation.
- M. **“Non-Profit Entity”** means any non-profit corporation, community chest, fund or foundation that is not included in the definition of the **Company** and that is exempt from federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended.
- N. **“Optional Extension Period”** means the period described in Clause VIII.
- O. **“Outside Entity”** means:
1. any **Non-Profit Entity**; or
 2. any other entity, if specified in Item 9. of the Declarations.
- P. **“Outside Executive Position”** means the position of director, officer, trustee or other equivalent executive position held by any of the **Directors and Officers** in an **Outside Entity** if service in such position is at the specific request of the **Company**.
- Q. **“Parent Company”** means the company designated in Item 1. of the Declarations.
- R. **“Policy Period”** means the period from the effective date and hour of this Policy to the Policy expiration date and hour as set forth in Item 2. of the Declarations, or its earlier termination, if any, or the end of the **Optional Extension Period**, if purchased.

- S. “**Pollutants**” means any substance located anywhere in the world exhibiting any hazardous characteristics as defined by or identified on a list of hazardous substances issued by the United States Environmental Protection Agency or any federal, state, county, municipality or locality counterpart thereof. Such substances shall include, without limitation, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, mold, spores, fungi, germs, chemicals or waste materials. **Pollutants** shall also mean any other air emission, odor, waste water, oil or oil product, infectious or medical waste, asbestos or asbestos product, lead or lead product, noise, and electric, magnetic or electromagnetic field.
- T. “**Securities**” means:
1. common or preferred stock, options, rights or warrants in such stock, representing an ownership interest in the **Company** or a right to acquire or dispose of such interest; or
 2. notes, bonds or debentures representing a debt owed by the **Company** to the extent such instruments are considered securities under the federal or state laws of the United States or the laws of any other country.
- Provided, however, that **Securities** does not include options or rights at issue in a **Claim** that is solely employment -related.
- U. “**Securities Claim**” means the portion of any **Claim** alleging a violation of the Securities Act of 1933, the Securities Exchange Act of 1934, rules or regulations of the Securities and Exchange Commission under either or both Acts, similar securities laws or regulations of any state, or any common law relating to any transaction arising out of, involving, or relating to the purchase or sale of or offer to purchase or sell any **Securities**, whether on the open market or through a public or private offering.
- V. “**Shareholder Derivative Demand**” means a written demand by one or more owners of **Securities** upon the board of directors of the **Company** to bring a civil proceeding in a court of law against any of the **Directors and Officers** for a **Wrongful Act**.
- W. “**Subsidiary**” means:
1. any entity while more than 50% of the outstanding voting securities representing the present right to vote for the election of such entity's directors are owned by the **Parent Company** directly or indirectly,
 2. any limited liability corporation while the right to elect or otherwise appoint or designate more than 50% of such limited liability corporation's **Managers** is owned or controlled by the **Parent Company**, directly or indirectly, or
 3. any joint venture, which is a corporate entity, while the **Parent Company** has managerial control, or while the right to elect or otherwise appoint more than 50% of such entity's

directors, trustees or other equivalent executive is owned or controlled by the **Parent Company** directly or indirectly,

if such entity or corporation:

1. was so owned prior to the inception date of this Policy and was insured under a policy issued by the Insurer of which this Policy is a renewal;
2. was so owned or controlled on the inception date of this Policy;
3. becomes so owned or controlled after the inception date of this Policy provided the assets of the entity do not exceed 25% of the consolidated assets of the **Company** as set forth in the **Company's** most recent audited financial statement; or
4. becomes so owned or controlled after the inception date of this Policy provided that if the assets of the entity exceed 25% of the consolidated assets of the **Company** as set forth in the **Company's** most recent audited financial statement, the provisions of Clause VII.B. must be fulfilled.

X. **"Wrongful Act"** means:

1. any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, act or omission by:
 - a) any of the **Directors and Officers** solely in their capacity as such;
 - b) any of the **Directors and Officers** while serving in an **Outside Executive Position** solely with respect to the coverage afforded under Insuring Clause I.E.;
 - c) the **Company** solely with respect to the coverage afforded under Insuring Clause I.C. or
2. any matter claimed against any of the **Directors and Officers** solely by reason of their serving in such capacity or in an **Outside Executive Position** solely with respect to the coverage afforded under Insuring Clause I.E.

III. EXCLUSIONS

The Insurer shall not be liable to make any payment for **Loss** in connection with or resulting from any **Claim**:

- A. for actual or alleged sickness, disease, death, false arrest, false imprisonment, damage to or destruction of tangible property (including loss of use thereof) or, except to the extent the **Claim** is for an employment-related **Wrongful Act** brought by a past, present or future

- employee or any applicant for employment with the **Company**, for bodily injury, assault, battery, invasion of privacy, mental anguish, emotional distress, libel, slander or defamation;
- B. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
1. any **Wrongful Act** or any fact, circumstance or situation which has been the subject of any notice given prior to the **Policy Period** under any other policy, or
 2. any other **Wrongful Act** whenever occurring, which, together with a **Wrongful Act** which has been the subject of such notice, would constitute **Interrelated Wrongful Acts**, or
 3. any demand, suit or other proceeding pending, or order, decree or judgment entered, against any **Insured** on or prior to the applicable Pending or Prior Litigation Date set forth in Item 7. of the Declarations, or any **Wrongful Act**, fact, circumstance or situation underlying or alleged therein;
- C. to the extent it is insured under any other existing valid policy, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, and regardless of whether or not any **Loss** in connection with such **Claim** is collectible or recoverable under such other policy; provided, however, this exclusion shall not apply to the amount of **Loss** which is in excess of the amount of any deductible and the Limit of Liability of such other policy where such **Claim** is otherwise covered by this Policy;
- D. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
1. the actual, alleged or threatened discharge, release, escape, seepage, migration, dispersal or disposal of **Pollutants** into or on real or personal property, water or the atmosphere; or
 2. any direction or request that the **Insureds** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so (such costs hereinafter "Clean Up Costs") including, but not limited to, any **Claim** alleging damage to the **Company** or its securities holders, purchasers or sellers; provided, however, this exclusion shall not apply to the extent such **Claim** is:
 - (a) otherwise covered under Insuring Clause I.A., other than Clean Up Costs, or
 - (b) brought by a past, present or future employee of the **Company** as a "whistleblower" employment practices claim;
- E. for any actual or alleged violations of any of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act, the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Safety

and Health Act, or any violation of any federal, state, local or foreign statutory law or common law that governs the same topic or subject and any rules, regulations and amendments thereto;

- F. by, on behalf of, or at the direction of any of the **Insureds**, except and to the extent such **Claim**:
1. is a derivative action brought or maintained by or on behalf of a **Securities** holder who, when such **Claim** is first made, is acting independently of and without the solicitation, assistance, participation or intervention of any **Insured**, or
 2. is brought by any of the **Insureds** in the form of a crossclaim, third party claim or otherwise for contribution or indemnity which is part of and results directly from a **Claim** not otherwise excluded by the terms of this Policy, or
 3. is employment-related and brought by or on behalf of any of the **Directors and Officers**, or
 4. is a **Shareholder Derivative Demand**; or
 5. is brought by any former **Directors and Officers** who have not served in such capacity or as a consultant to the **Company** for at least four (4) years prior to the date such **Claim** is first made and who brings and maintains such **Claim** without any active assistance or participation of, or solicitation by, the **Company** or any other **Directors and Officers** or consultants to the **Company** who are serving or have served in such capacity within such four (4) year period.
- G. based upon, arising out of, directly or indirectly resulting from or in consequence of or in any way involving:
1. any deliberately dishonest, fraudulent or criminal act or omission by any of the **Insureds**, or
 2. any personal profit or advantage gained by any of the **Directors and Officers** to which they were not legally entitled,
- as determined by a plea agreement, an alternative dispute resolution proceeding, a judgment or a final adjudication in the underlying action or in a separate action or proceeding;

- H. for the return by any of the **Directors and Officers** of any remuneration paid to them without the previous approval of the appropriate governing body of the **Company**, which payment without such previous approval shall be determined to be in violation of the law by an alternative dispute resolution proceeding, a judgment or a final adjudication in the underlying action or in a separate action or proceeding;
- I. against any of the **Directors and Officers** of any **Subsidiary** or against any **Subsidiary** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
1. any **Wrongful Act** occurring prior to the date such entity became a **Subsidiary** or subsequent to the date such entity ceased to be a **Subsidiary**, or
 2. any **Wrongful Act** occurring while such entity was a **Subsidiary** which together with a **Wrongful Act** occurring prior to the date such entity became a **Subsidiary**, would constitute **Interrelated Wrongful Acts**;
- J. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving, any **Wrongful Act** actually or allegedly committed subsequent to a **Corporate Takeover**;
- K. with respect to any of the **Directors and Officers** serving in an **Outside Executive Position**, based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any **Wrongful Act** occurring prior to the date such **Directors and Officers** began serving in an **Outside Executive Position** if any of the **Directors and Officers**, as of such date, knew or could have reasonably foreseen that such **Wrongful Act** could lead to a **Claim** under this Policy;
- L. with respect to any of the **Directors and Officers** serving in an **Outside Executive Position**, by, on behalf of, or for the benefit of the **Outside Entity**, or one or more of the **Outside Entity's** directors, officers, trustees or equivalent executives; or
- M. based upon arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
1. the actual, alleged or threatened discharge, release, escape, seepage, migration, dispersal or disposal of nuclear materials or nuclear waste; or
 2. any direction or request that the Insured test for, monitor, cleanup, remove, contain, treat, detoxify or neutralize nuclear materials or nuclear waste.

No **Wrongful Acts** shall be imputed to any other natural person for the purpose of determining the applicability of Exclusions G. and H. above. The **Wrongful Acts** by any past, present or future chairman of the board, president, chief executive officer, chief operating officer or chief financial

officer of the **Company** shall be imputed to the **Company** for the purpose of determining the applicability of Exclusions G. and H. above.

IV. LIMIT OF LIABILITY, RETENTIONS, ORDER OF PAYMENTS AND COINSURANCE

A. Limit of Liability

1. The amount shown in Item 3.a. of the Declarations shall be the maximum aggregate Limit of Liability of the Insurer under the Policy. The amount shown in 3.b. of the Declarations shall be the maximum aggregate Sub-Limit of Liability of the Insurer under the Policy for all **Costs of Investigation** under Insuring Clause I.D., which amount shall be part of and not in addition to the amount shown in Item 3.a. of the Declarations.
2. **Costs, Charges and Expenses** are part of, and not in addition to, the Limit of Liability set forth in Item 3.a. of the Declarations. The payment of **Costs, Charges and Expenses** by the Insurer reduces and may totally exhaust the Limit of Liability.
3. If the Limit of Liability set forth in Item 3.a. of the Declarations is exhausted by the payment of **Loss**, the Insurer's obligations under this Policy shall be completely fulfilled and extinguished. If the Sub-Limit of Liability set forth in Item 3.b. of the Declarations is exhausted by the payment of **Costs of Investigation**, the Insurer's obligations under Insuring Clause I.D. shall be completely fulfilled and extinguished.
4. More than one **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be deemed to constitute a single **Claim** and shall be deemed to have been made at the earliest of the following times:
 - (a) the time at which the earliest **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** is first made; or
 - (b) the time at which the **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be deemed to have been made pursuant to Clause VI.B.

B. Retentions

1. No Retention shall apply to Insuring Clause I.A. The applicable Retention set forth in Item 4. of the Declarations shall apply with respect to **Loss** arising from each **Claim** under Insuring Clauses B., C., D. and E.
2. The Insurer shall be liable for only that part of **Loss** arising from a **Claim** which is excess of the applicable Retention set forth in Item 4. of the Declarations, and such Retention shall be borne by the **Insureds** uninsured and at their own risk. With respect to any **Securities Claim**, the applicable Retention shall be paid by the **Insureds** first, before the application of any Coinsurance Percentage, and shall not be part of the percentage of **Loss** borne by the **Insureds** pursuant to Clause IV.D. of this Policy. Any payments made to satisfy the

retention or deductible under another policy of insurance shall not satisfy or apply towards the applicable Retention, or any portion thereof, under this Policy of insurance.

3. In the event more than one of the Insuring Clauses set forth in Clause I. are applicable to a **Claim**, the Retentions set forth in Item 4. of the Declarations shall be applied separately to that part of the **Loss** resulting from such **Claim** covered by each Insuring Clause. The sum of the Retentions so applied shall constitute the Retention applicable to such **Claim**. The total Retention as finally determined shall in no event exceed the largest of the Retentions applicable to Insuring Clauses that are applicable to such **Claim**.
4. With respect to Insuring Clause I.B., if the **Company** is permitted or required by law or pursuant to the by-laws or other organizational documents of the **Company** to indemnify the **Directors and Officers** for any **Loss**, or to advance **Costs, Charges and Expenses** on their behalf, and does not in fact do so other than for reasons of **Financial Impairment**, the Insurer shall pay **Loss**, or advance **Costs, Charges and Expenses**, on behalf of the **Directors and Officers** without regard to the Retention, but the **Company** shall reimburse the Insurer for such amounts up to the Retention applicable to Insuring Clause I.B. as set forth in Item 4. of the Declarations.

C. Order of Payments

Payment of **Loss** by the Insurer shall reduce the Limit of Liability. The Insurer shall pay **Loss** in the order in which **Loss** is incurred. If **Loss** payable under Insuring Clause I.A. and one or more of the other Insuring Clauses is incurred contemporaneously, the Insurer first shall pay **Loss** payable under Insuring Clause I.A. The **Parent Company** may elect through its chief executive officer to decline or defer payment under the other Insuring Clauses. The Insurer shall have no obligation to pay **Loss** after exhaustion of the Limit of Liability regardless of whether the **Parent Company** has declined or deferred payment.

D. Coinsurance

To the extent that **Loss** resulting from a **Securities Claim** is covered under Insuring Clause I.A. I.B. or I.C. and is in excess of the applicable Retention, the **Insureds** shall bear uninsured and at their own risk that percentage of such **Loss** specified as the Coinsurance Percentage in Item 8. of the Declarations, and the Insurer's liability shall apply only to the remaining percentage of such **Loss**.

V. SETTLEMENT AND DEFENSE

- A. It shall be the duty of the **Insureds** and not the duty of the Insurer to defend **Claims**, including the investigation and evaluation of any **Shareholder Derivative Demand**. The Insurer shall have the right and shall be given the opportunity to effectively associate with the **Insureds** in the investigation, defense and settlement of any **Claim** that appears reasonably likely to be covered in whole or in part hereunder.

- B. The **Insureds** shall not settle any **Claim**, select any defense counsel, incur any **Costs, Charges and Expenses**, admit or assume any liability, stipulate to any judgment or otherwise assume any contractual obligation without the Insurer's prior written consent, which shall not be unreasonably withheld. The Insurer shall not be liable for any settlement, **Costs, Charges and Expenses**, assumed obligation, admission or stipulated judgment to which it has not consented or for which the **Insureds** are not legally obligated. The **Insureds** shall not knowingly take any action which increases the Insurer's exposure for **Loss** under this Policy. Notwithstanding any of the foregoing, if all **Insureds** are able to fully and finally dispose of, with prejudice, all **Claims** that are subject to one Retention for an amount not exceeding any applicable Retention, including **Costs, Charges and Expenses**, then the Insurer's consent shall not be required for such disposition.
- C. Subject to Clauses IV.C. and VII.C., the Insurer shall advance on behalf of the **Insureds**, **Costs, Charges and Expenses** which the **Insureds** have incurred in connection with a **Claim** made against them, prior to the final disposition of such **Claim**, provided that to the extent it is finally established that any such **Costs, Charges and Expenses** are not covered under this Policy, the **Insureds**, severally according to their interests, shall repay such **Costs, Charges and Expenses** to the Insurer. The Insurer shall pay **Costs, Charges and Expenses** no more than once every 90 days.

VI. NOTIFICATION

- A. The **Insureds** shall, as a condition precedent to their rights to payment under this Policy, give to the Insurer notice in writing of any **Claim** as soon as practicable but in no event later than sixty (60) days after the end of the **Policy Period** or the last day of the **Optional Extension Period**, if purchased.
- B. If during the **Policy Period**, except for the **Optional Extension Period**, the **Insureds** first become aware of a specific **Wrongful Act**, and if the **Insureds** during the **Policy Period**, except for the **Optional Extension Period**, give written notice to the Insurer as soon as practicable of:
1. the specific **Wrongful Act**;
 2. the consequences which have resulted or may result therefrom; and
 3. the circumstances by which the **Insureds** first became aware thereof,

then any **Claim** made subsequently arising out of such **Wrongful Act** shall be deemed for the purposes of this Policy to have been made at the time such notice was first given.

No coverage shall be afforded under this Policy for fees and expenses incurred prior to the time such circumstances result in a **Claim**.

- C. Notice to the Insurer provided in Clause VI.A. and B shall be given to the firm shown in Item 6.a. of the Declarations. All other notices to the Insurer under this Policy shall be given to the firm shown in Item 6.b. of the Declarations. Except with respect to notices provided for in Clause VII.D., all notices under any provision of this Policy must be made in writing and delivered by prepaid express courier, certified mail or fax. Notices given as described above shall be deemed to be received and effective upon actual receipt thereof by the addressee.

VII. GENERAL CONDITIONS

A. Representation Clause

By acceptance of this Policy, the **Insureds** agree:

1. that the statements in the **Application** are their representations, and that this Policy is issued in reliance upon the truth of such representations;
2. that in the event that the **Application** contains misrepresentations made with the actual intent to deceive, or contains misrepresentations which materially affect either the acceptance of the risk or the hazard assumed by the Insurer under this Policy, this Policy shall not afford any coverage with respect to those **Insureds** who made or had knowledge of such misrepresentations;
3. that solely with respect to the coverage afforded under Insuring Clause I.A., the Insurer shall not be entitled to rescind the Policy;
4. that this Policy shall not afford any coverage under Insuring Clause I.B. to the extent the **Company** indemnifies any of the **Insureds** who made or had knowledge of the misrepresentations set forth in Clause VII.A.2.; and
5. that this Policy shall not afford any coverage under Insuring Clause I.C. if the chief chairman of the board, president, chief executive officer, chief operating officer or chief financial officer of the **Company** made or had knowledge of the misrepresentations set forth in Clause VII.A.2.

None of the foregoing provisions in this Clause VII.A., with exception of Clause VII.A.3., shall in any way limit or void the Insurer's rights to rescind this Policy.

B. Adjustment Clause

1. This Policy is issued and the premium computed on the basis of the information submitted to the Insurer as part of the **Application**. In the event the **Parent Company**, after the inception of this Policy, acquires any other entity or acquires substantially all of the assets of another entity, or merges with another entity such that the **Parent Company** is the surviving entity, or creates or acquires a **Subsidiary** whose assets exceed 25% of the

consolidated assets of the **Company** as set forth in the **Company's** most recent audited financial statement, coverage shall be afforded for a period of ninety (90) days for any **Loss** in any way involving the assets acquired or the assets, liabilities, directors, officers or employees of the entity acquired or merged with, or such **Subsidiary**. Coverage beyond such ninety (90) day period shall only be available if:

- (a) written notice of such transaction or event is given to the Insurer by the **Parent Company**;
 - (b) the **Parent Company** provides the Insurer with such information in connection therewith as the Insurer may deem necessary;
 - (c) the **Insureds** accept any special terms, conditions, exclusions or additional premium charge as may be required by the Insurer; and
 - (d) the Insurer, at its sole discretion, agrees to provide such coverage.
2. In the event any entity ceases to be a **Subsidiary** as defined herein after the inception date of this Policy, or of any policy issued by the Insurer of which this Policy is a renewal or replacement, this Policy, subject to its terms, shall continue to apply to any of the **Directors and Officers** who were covered under this Policy because of their service with such entity and to such **Subsidiary** but only with respect to any **Wrongful Act** committed or allegedly committed prior to the time such entity ceased to be a **Subsidiary**.
 3. In the event of a **Corporate Takeover** after the inception date of this Policy or of any policy issued by the Insurer of which this Policy is a renewal or replacement, this Policy, subject to its terms, shall continue to apply to the **Directors and Officers** and to the **Company** but only with respect to any **Wrongful Act** committed or allegedly committed prior to the **Corporate Takeover**.

C. Allocation

If both **Loss** covered by this Policy and loss uncovered by this Policy are incurred, either because the **Claim** includes both covered and uncovered claims or because it includes both insured and uninsured parties, then the **Insureds** and the Insurer agree to fairly and reasonably allocate such amount between covered **Loss** and uncovered loss.

In the event that a method of allocation cannot be agreed upon by the Insurer and the **Insureds**, then:

1. in any arbitration, suit or other proceeding, no presumption shall exist concerning what is a fair and reasonable allocation;

2. the Insurer shall advance the amount of **Costs, Charges and Expenses** which they deem fair and proper until a different amount is negotiated by the parties, determined pursuant to the arbitration process set forth in subparagraph 3. below, or determined judicially;
3. the Insurer, solely if requested by the **Insureds**, shall submit the dispute to binding arbitration. The rules of the American Arbitration Association shall apply except with respect to the selection of the arbitration panel, which shall consist of one arbitrator selected by the **Insureds**, one arbitrator selected by the Insurer, and a third independent arbitrator selected by the first two arbitrators.

Any negotiated, arbitrated or judicially determined allocation of **Costs, Charges and Expenses** on account of a **Claim** shall be applied retroactively to all **Costs, Charges and Expenses** on account of such **Claim**, notwithstanding any prior advancement to the contrary. Any allocation or advancement of **Costs, Charges and Expenses** on account of a **Claim** shall not apply to or create any presumption with respect to the allocation of other **Loss** on account of such **Claim**.

D. Cancellation/Nonrenewal

1. By acceptance of this Policy, the **Insureds** hereby confer the exclusive power and authority to cancel this Policy on their behalf to the **Parent Company**. Such entity may cancel this Policy by surrender thereof to the Insurer, or by mailing to the Insurer written notice stating when thereafter such cancellation shall be effective. The mailing of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the **Policy Period**. Delivery of such written notice shall be equivalent to mailing.
2. The Insurer may cancel this Policy only for nonpayment of premium by mailing to the **Parent Company** written notice stating when, not less than ten (10) days thereafter, such cancellation shall be effective. The notice of cancellation shall state the reason for cancellation. The mailing of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the **Policy Period**. Delivery of such written notice by the Insurer shall be equivalent to mailing.
3. If this Policy is cancelled pursuant to 1. hereinabove, the Insurer shall retain the customary short rate proportion of the premium hereon. If this Policy is cancelled pursuant to 2. hereinabove, the Insurer shall retain the pro rata proportion of the premium hereon. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of cancellation.
4. If the Insurer decides not to renew this Policy, the Insurer shall provide written notice to the **Parent Company** at least sixty (60) days before the end of the **Policy Period**. The notice of nonrenewal shall state the reason for nonrenewal.

VIII. OPTIONAL EXTENSION PERIOD

- A. If this Policy is cancelled by the **Parent Company** or if the Insurer nonrenews this Policy, then the **Parent Company** shall have the right, upon payment of an additional premium calculated at that percentage shown in Item 5.a. of the Declarations of the total premium for this Policy, to an extension of the coverage granted by this Policy with respect to any **Claim** first made during the period of time set forth in Item 5.b. of the Declarations after the end of the **Policy Period**, but only with respect to any **Wrongful Act** committed before the effective date of cancellation or nonrenewal.
- B. As a condition precedent to the right to purchase the **Optional Extension Period**, the total premium for this Policy must have been paid. The right to purchase the **Optional Extension Period** shall terminate unless written notice together with full payment of the premium for the **Optional Extension Period** is given to the Insurer within thirty (30) days after the effective date of cancellation or nonrenewal. If such notice and premium payment is not so given to the Insurer, there shall be no right to purchase the **Optional Extension Period**.
- C. In the event of the purchase of the **Optional Extension Period**, the entire premium for the **Optional Extension Period** shall be deemed earned at its commencement.
- D. In the event the **Optional Extension Period** is purchased, it shall terminate immediately on the effective date of any contract of insurance or indemnity which replaces the coverage afforded by this Policy through the **Optional Extension Period** either in whole or in part.
- E. The purchase of the **Optional Extension Period** shall not in any way increase the Limit of Liability of the Insurer.
- F. The offer of renewal terms, conditions or premiums different from those in effect prior to renewal shall not constitute a refusal to renew for purposes of this Clause VIII.

IX. ASSISTANCE, COOPERATION AND SUBROGATION

The **Insureds** agree to provide the Insurer with such information, assistance and cooperation as the Insurer or their counsel may reasonably request, and they further agree that they shall not take any action which in any way increases the Insurer's exposure under this Policy.

In the event of any payment under this Policy, the Insurer shall be subrogated to the **Insureds'** rights of recovery against any person or entity. The **Insureds** shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights including the execution of such documents as are necessary to enable the Insurer effectively to bring suit in their name, and shall provide all other assistance and cooperation which the Insurer may reasonably require.

X. ACTION AGAINST THE INSURER

No action shall lie against the Insurer unless, as a condition precedent thereto, the **Insureds** shall have fully complied with all of the terms of this Policy, nor until the amount of the **Insureds'** obligation to pay shall have been fully and finally determined either by judgment against them or by written agreement between them, the claimant and the Insurer. Nothing contained herein shall give any person or organization any right to join the Insurer as a party to any **Claim** against the **Insureds** to determine their liability, nor shall the Insurer be impleaded by the **Insureds** or their legal representative in any **Claim**.

XI. ENTIRE AGREEMENT

By acceptance of this Policy, the **Insureds** agree that this Policy embodies all agreements existing between them and the Insurer or any of their agents relating to this Insurance. Notice to any agent or knowledge possessed by any agent or other person acting on behalf of the Insurer shall not effect a waiver or a change in any part of this Policy or estop the Insurer from asserting any right under the terms of this Policy, nor shall the terms be waived or changed except by written endorsement or rider issued by the Insurer to form a part of this Policy.

XII. TERRITORY

This Policy shall apply to **Claims** made against the **Insureds** anywhere in the world.

XIII. VALUATION AND CURRENCY

All premiums, limits, Retentions, **Loss** and other amounts under this Policy are expressed and payable in the currency of the United States. If judgment is rendered, settlement is denominated or another element of **Loss** under this Policy is stated in a currency other than United States dollars, payment under this Policy shall be made in United States dollars at the rate of exchange published in the *Wall Street Journal* on the date the judgment becomes final or payment of the settlement or other element of **Loss** is due.

XIV. BANKRUPTCY

Bankruptcy or insolvency of the **Company** or of any of the **Directors and Officers** shall not relieve the Insurer of its obligations nor deprive the Insurer of its rights or defenses under this Policy.

XV. AUTHORIZATION

By acceptance of this Policy, the **Parent Company** agrees to act on behalf of the **Insureds** with respect to the giving and receiving of any notice provided for in this Policy, the payment of premiums and the receipt of any return premiums that may become due under this Policy, and the agreement to and acceptance of endorsements, and the **Insureds** agree that the **Parent Company** shall act on their behalf.

XVI. HEADINGS

The descriptions in the headings and subheadings of this Policy are solely for convenience, and form no part of the terms and conditions of coverage.

SPECIMEN