



SMALL CAP PUBLIC COMPANY ENDORSEMENT

In consideration of the premium paid, it is agreed that:

- Item 6. of the Declarations is amended by the addition of the following:

\$_____ **Investigation Costs** Insuring Agreement Sublimit.

\$_____ **Independent Directors** Excess Limit.

- The following new paragraphs are added to Section **I. INSURING AGREEMENTS**:

- Investigation Costs Insuring Agreement**

The Insurer shall pay on behalf of the **Insured Entity** all **Investigation Costs** resulting from any **Shareholder Derivative Demands** first made against the **Insured Entity** during the **Policy Period** or the Extended Reporting Period, if applicable, for a **Wrongful Act**.

- Independent Director Excess Limits**

With respect to all **Claims** made against **Independent Directors** and otherwise covered under this Policy in accordance with Paragraph 1, Management Liability (Individual) of Section I, INSURING AGREEMENTS, such **Independent Directors** are hereby provided with an additional limit in an amount stated in paragraph 1 of this Endorsement. Such additional limit is an aggregate limit applicable to all **Independent Directors** regardless of the number of **Independent Directors** and is in excess of the Aggregate Limit of Liability stated on the declaration. This additional limit is provided as specific excess over any other valid and collectible insurance or indemnification paid to the **Independent Director** including but not limited to any policies of insurance listed in paragraph 17, Schedule of Underlying Insurance (and any renewal or replacement of such policies), if any.

- The following paragraph is added to subsection 1., Aggregate Limit of Liability, of Section IV. LIMIT OF LIABILITY/RETENTION/PRESUMPTIVE INDEMNIFICATION:

- Investigation Costs Sublimit**

The **Investigation Costs** Insuring Agreement Sublimit stated in Item 6. of the Declarations is the aggregate limit of the Insurer's liability for all **Investigation Costs** arising out of all **Shareholder Derivative Demands** first made against **Insured Entity** during the **Policy Period** and the Extended Reporting Period (if applicable). The Limit of Liability for the Extended Reporting Period shall be part of and not in addition to the Limit of Liability. The **Investigation Costs** Insuring Agreement Sublimit shall be part of and not in addition to the aggregate limit of liability stated in Item 6.

- Section **II. DEFINITIONS** is amended as follows:

The definition of **Claim** is amended to add the following new sentence:

Solely with respect to the **Investigation Costs** Insuring Agreement, **Claim** includes a **Shareholder Derivative Demand**. When used in connection with Insuring Agreements 1, 2 and 3, **Claim** does not include a **Shareholder Derivative Demand**.

Solely with respect to the **Investigation Costs** Insuring Agreement, the terms **Loss** and **Defense Costs**, wherever used, means **Investigation Costs**.

- The following definitions are added to Section **II. DEFINITIONS**:

Independent Director means one or more past, present or future directors of the **Insured Entity** who has not served as an officer or employee of the **Insured Entity** for at least four (4) years.



Investigation Costs mean reasonable and necessary fees and expenses incurred by the **Insured Entity** in connection with the investigation or evaluation of all **Shareholder Derivative Demands**.

Shareholder Derivative Demand means any written demand, by one or more shareholders of the **Insured Entity** upon the boards of directors of the **Named Entity** to bring a civil proceeding in a court of law against any **Insured Person** for a **Wrongful Act**.

Whistleblower Activity means the kind of activity described in Title 18, Section 1414A, paragraph (a) (1) and (2) under the Whistleblower Protection for Employees of Publicly Traded Companies provision of the Sarbanes-Oxley Act of 2002, regardless of whether or not such activity is done by an employee protected under such statute or any similar Federal or State statute.

6. The last sentence of paragraph 1 of the definition of **Application** in Section II, **DEFINITIONS**, is hereby deleted and replaced as follows:

Application also means any public documents filed by the **Insured Entity** with the Securities and Exchange Commission or any similar federal, state, provincial, local agency or other regulatory agency anywhere in the world, within 12 months prior to the inception of this policy.

7. The definition of **Not-For-Profit Outside Entity** in Section II, **DEFINITIONS**, is hereby deleted and replaced as follows:

Not-For-Profit Outside Entity means any entity, other than an **Insured Entity**, exempt from federal income taxation pursuant to 26 U.S.C. §501(c)(3), §501(c)(4), and §501(c)(10), as amended.

8. Section III, **EXCLUSIONS**, is amended as follows:

- A. Solely with respect to exclusion 7 the introductory clause is deleted and replaced as follows:

The Insurer shall not be liable to pay that part of **Loss**, other than **Defense Costs**, under this Policy in connection with any **Claim** made against the **Insured Persons** or the **Insured Entity**:

- B Exclusion 7 is deleted and replaced with the following:

7. **Illegal Profits/Deliberate Acts**

based upon or arising out of:

- a. the gaining of any profit, remuneration or advantage to which the **Insured** was not legally entitled as determined by a final adjudication in the underlying action or in a separate action or proceeding. However, this paragraph does not apply to any **Securities Claim** alleging violation of Section 11 or Section 12 of the Securities Act of 1933 unless such final adjudication establishes that such profit, remuneration or advantage constitutes disgorgement, restitution or other uninsurable loss; or
- b. the committing of any deliberate fraudulent or deliberate criminal act by the **Insured** as determined by a final adjudication in the underlying action or in a separate action or proceeding.

For purposes of determining the applicability of Exclusion 7:

- a. the facts pertaining to and knowledge possessed by any **Insured Person** shall not be imputed to any other **Insured Person**; and
- b. only facts pertaining to and knowledge possessed by any past, present or future chair of the Board, president, chief executive officer, chief financial officer, chief operating officer



or general counsel (or equivalent position) of the **Named Insured** shall be imputed to the **Insured Entities**.

C. Paragraph c. of Exclusion 9. **Claims by Insureds**, is amended as follows.

1. Paragraph c is deleted and replaced as follows:

c. any security holder or member of an **Insured Entity**, whether directly or derivatively, unless such security holder's or member's **Claim**, is brought and maintained solely by persons acting totally independent of and totally without the solicitation, assistance, participation or intervention of the **Insured Entity** or any **Insured Person** (unless such solicitation, assistance, participation or intervention of such **Insured Person** is **Whistleblower Activity**).

2. A new paragraph is added as follows:

Nor does this exclusion apply to any **Securities Claim** brought by any **Employee**.

9. The following paragraph is added to subsection 2., **Retention**, of Section **IV. LIMIT OF LIABILITY/RETENTION/PRESUMPTIVE INDEMNIFICATION**:

No retention shall apply to a **Shareholder Derivative Demand** covered under the Shareholder Derivative Demand Investigation Costs Insuring Agreement.

10. Paragraph 1. of Section **VI. REPORTING/DATE OF CLAIM/INTERRELATED CLAIM** is amended as follows:

1. **Notice of Claim** is deleted and replaced by the following:

The **Insureds** shall, as a condition precedent to the obligations of the Insurer under this Policy, give written notice to the Insurer of a **Claim** as soon as practicable after the **Named Insured's** Chief Financial Officer, Risk Manager or General Counsel (or equivalent position) first become aware of such **Claim**, but in no event later than 90 days after the end of the **Policy Period** or the Extended Reporting Period, if applicable.

11. Section **VII, EXTENDED REPORTING PERIOD**, is amended by deleting the first part of the first sentence up to the first comma in its entirety and replacing it as follows:

If the **Named Insured** cancels or if the **Named Insured** or the Insurer non-renews this Policy,

12. Section **X, APPLICATION**, is deleted in its entirety and replaced as follows:

The Insurer shall not be entitled to rescind this Policy with respect to any **Insured**. Notwithstanding the foregoing, the **Insureds** represent and acknowledge that the statements contained in the **Application** and any materials submitted or required to be submitted therewith (which shall be maintained on file by the Insurer and be deemed attached to and incorporated into this Policy as if physically attached), are true and are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy. This Policy is issued in reliance upon the truth of such representations.

In the event the statements, representations or information in the **Application**, including materials submitted or required to be submitted therewith, contain any misrepresentation or omission, there is no coverage for any **Claim** alleging, arising out of or based upon any facts that were misrepresented or omitted:

1. under Insuring Agreement 1, with respect to any **Insured Person** who knew as of the effective date of this Policy the facts that were misrepresented or omitted, whether or not such person knew of such untruthful disclosure in the **Application**. For purposes of this paragraph, the knowledge of any **Insured Person** shall not be imputed to any other **Insured Person**;



2. under Insuring Agreement 2, with respect to the **Insured Entity** to the extent it indemnifies any **Insured Person** identified in paragraph 1 above;
3. under Insuring Agreement 3, with respect to the **Insured Entity** if any past, present or future chief executive officer, chief financial officer or general counsel of the **Insured Entity** knew as of effective date of the Policy the facts that were misrepresented or omitted, whether or not such person knew of such untruthful disclosure in the **Application**.

The Company shall not be entitled to rescind this Policy with respect to any **Insured**.

13. Section **XV. COVERAGE FOR NEW SUBSIDIARIES** is amended by deleting the words "ten percent (10%)" in paragraph 1. in their entirety and replacing them with 20%.
14. Section **XXV. ORDER OF PAYMENTS** is amended to add a new paragraph as follows:

In the event of **Financial Insolvency** of the **Insured Entity**, and **Loss** arising from a covered **Claim** for which payment is due under the provisions of this Policy, the **Insureds** agree:

1. to make any request to waive and release any automatic stay or injunction that may apply to the proceeds of this Policy, and
2. not to oppose or object to any efforts by the Insurer or any **Insured Person** to obtain relief from any such stay or injunction.

The **Financial Insolvency** of the **Insured Entity** or any **Insured Person** does not relieve the Insurer of any of its obligations to prioritize payment of covered **Loss** under this Policy pursuant to this Section XXV, Order of Payments.

15. Section **XVIII SUBROGATION AND RECOVERY**, is amended to add the following new language:

In no event however, shall the Insurer exercise its rights of subrogation against an **Insured** under this Policy unless such **Insured** has been convicted of a deliberate criminal act, or been determined by any final adjudication to have committed a deliberate fraudulent act or to have obtained any personal profit or advantage to which such **Insured** was not legally entitled.

16. A new section is added to the Policy as follows:

AUTOMATIC RENEWAL PROVISION

- A Subject to paragraph B below, upon expiration of the **Policy Period**, the Insurer will offer to renew this Policy for a one year term with the same terms and conditions, except for:
 1. the effective date and the expiration date of the **Policy Period**, and
 2. this Automatic Renewal Provision (which the Insurer shall not be required to provide for such renewal policy); and
 3. anything otherwise provided for in this paragraph 16.
- B. The Insurer will have no obligation to offer this renewal if:
 1. during the **Policy Period** there is a **Takeover**;
 2. the Insurer has not been provided at least 30 days prior to the expiration of the **Policy Period** a properly completed renewal application and such other underwriting information requested by the Insurer to renew this Policy;
 3. this Policy is terminated by the Insurer for non-payment of any premium when due;
 4. there has been a change in law (including insurance regulation) or insurance regulatory action which prevents the Insurer from issuing a renewal policy at the same terms and conditions as this Policy;
 5. the price of any publicly traded equity security issued by the **Insured Entity**:
 - a. decreases by greater than 20% on any one trading day; or



- b. increases or decreases by greater than 25% during the **Policy Period**.
- 6. the **Insured Entity** provides the Insurer with a notice of **Claim** or a notice of circumstances that could give rise to a **Claim**; or
- 7. the **Insured Entity** is not current with its U.S. Securities and Exchange Commission filings as of the renewal date.

C. The premium for such renewal of this Policy shall be determined at the sole discretion of the Insurer, provided such premium shall be no greater than 110% of the original annualized premium for this Policy and the fully annualized amount of any additional premiums charged by the Insurer for or during the **Policy Period**.

D. This right of renewal shall lapse unless written notice of the **Named Insured's** election to renew this Policy is given by the **Named Insured** to the Insurer prior to termination of the **Policy Period** and premium is paid when due.

E. The **Named Insured** may decline any renewal offer by the Insurer.

17. Schedule of Underlying Insurance:

Insurance Company Policy Number Limits

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy and expires concurrently with said Policy unless another effective date is shown below.

By Authorized Representative _____
 (No signature is required if issued with the Policy or if it is effective on the Policy Effective Date)