

MIDMARK CORPORATION FCPA COMPLIANCE POLICY

I. INTRODUCTION

The purpose of this guide is to provide all Midmark Corporation teammates an overview of the Foreign Corrupt Practices Act (FCPA) and its application to the business activities of Midmark Corporation and its divisions, subsidiaries and affiliates. This guide is intended to assist you in carrying out your responsibilities as a Midmark teammate. This guide is not intended to make you an FCPA legal expert. It should assist you in recognizing potential areas of concern so that you may consult with Midmark's corporate officers and its corporate legal counsel before any action is taken.

II. POLICY STATEMENT

It is Midmark's policy that the organization, and all of its employees, directors, officers, agents, distributors and representatives, shall comply fully with all applicable provisions of the FCPA.

Compliance with the FCPA and this guide is mandatory. No officer, director, employee, agent, distributor or representative of Midmark has the authority to act contrary to the provisions of the FCPA or this guide or to authorize, direct or condone violations of the FCPA or this guide by any other person.

III. OVERVIEW

The FCPA was initially enacted in 1977 and is the primary federal statute designed to deter the improper inducement or bribery of foreign officials and persons affiliated with

foreign political parties. The FCPA includes two mechanisms for deterring improper inducements and bribery. First, it includes a general prohibition against payments to foreign officials, foreign political parties or party officials and candidates for foreign political office. Second, it imposes on publicly-held companies stringent record-keeping and accounting requirements. Because Midmark is not a publicly-held company, it is subject only to the anti-bribery provisions of the FCPA. Midmark does, however, have its own internal accounting procedures that must be followed in documenting any payments to persons or entities in foreign countries. Teammates who have questions about Midmark's accounting procedures should contact [inset] for additional information.

The FCPA is enforced primarily by the United States Department of Justice and the Securities and Exchange Commission.

IV. PROHIBITED CONDUCT

The anti-bribery provisions of the FCPA generally prohibit the bribery of foreign government officials or persons affiliated with foreign political parties to obtain, retain or direct business. Specifically, the anti-bribery provisions make it unlawful for (i) any person or entity covered by the FCPA, including Midmark and its officers, directors, employees, distributors, representatives and agents (ii) to corruptly offer, pay, promise to pay or authorize the payment of anything of value, (iii) directly or indirectly, (iv) to any foreign official, foreign political party or party official,

or candidate for foreign political office, (v) for the purpose of influencing any act or decision of the prohibited recipients, inducing such prohibited recipient to do or omit to do some action or inducing such prohibited recipient to influence any act or decision of such government, (vi) in order to assist in obtaining or retaining business or directing business to any person.

V. KEY CONCEPTS

The following key concepts are critical to understanding the scope of the FCPA's prohibitions.

A. Payment, Offer or Promise

The FCPA prohibits paying, offering to pay, promising to pay (or authorizing to pay, offer or promise) money or anything of value to a prohibited recipients for a corrupt purpose. The act does not require that a payment be made or accepted for liability to attach.

B. Corrupt Intent

The person making or authorizing the payment, offer or promise must have a corrupt intent to induce the prohibited recipients to misuse his or her official position. The act does not require that the corrupt act be successful or even attainable for liability to attach. Any payment, offer or promise of payment that is intended to improperly influence an official act of the recipient will violate the act, even if unsuccessful.

C. Third-Party Payments

The FCPA also prohibits companies and individuals from making (or offering or promising to make) corrupt payments through intermediaries. Intermediaries may include distributors, agents,

representatives or joint venture partners. It is a violation of the act to make a payment to a third party while knowing that all or a portion of the payment may be used to improperly influence a foreign official, foreign political party or party official, or candidate for foreign political office.

Under the FCPA a company or person is deemed to have "knowledge" if its actions demonstrate "deliberate ignorance" or a "conscious disregard" of circumstances that should reasonably alert it that illegal activity is occurring or is substantially likely to occur. Thus, Midmark and its teammates may not turn a blind eye to the conduct of its foreign distributors, agents, representatives or joint venture partners, hoping not to learn of prohibited activity.

D. Prohibited Recipients

The prohibition against making or authorizing corrupt payments (or offers or promises to pay) encompasses only those payments (or offers or promises to pay) made to a foreign official, a foreign political party or party official, or any candidate for foreign political office. The term "foreign official" is defined broadly to include any officer or employee of a foreign government or government-related entity. The term also encompasses officers and employees of state-owned or controlled enterprises; officers and employees of international organizations; and, depending on the circumstances, may even extend to members of a royal family. The fact that the individual is unpaid or does not hold an official title or position with the government is not determinative.

The act's prohibitions apply to payments to any foreign official, foreign party official, or candidate for foreign political office, regardless of rank or position. The focus of the prohibitions is on the purpose of the payment, offer or promise rather than the particular duties of the official or candidate receiving the payment, offer or promise.

E. Anything of Value

The phrase "anything of value" is interpreted broadly to include anything that could directly or indirectly benefit the foreign official, foreign political party or party official, or candidate for foreign political office. Any benefit offered to influence an official act, no matter how small, may violate the act. Some of the benefits found to have violated the act include cash payments, scholarships or jobs for family members, upgrades to first-class airfare and trips to resorts.

F. Influencing an Official Act

The prohibition against influencing an "official act" is defined broadly to include any effort to secure an improper advantage or influence the conduct of a foreign official, foreign political party or party official, or candidate for foreign political office. The prohibition is not limited to efforts to influence acts of the foreign government. Any effort by a teammate to influence an official's conduct may violate the act, including requests to intercede on behalf of a company with a private enterprise or with a foreign government, including the United States.

G. Obtain or Retain Business

The phrase "obtain or retain business" encompasses any benefit, direct or indirect, which could assist a company in its business activities. The prohibition is not limited to obtaining or retaining government contracts, but has been interpreted broadly to cover any inducement to provide a company with more favorable treatment. For example, inducements to obtain circumvention of quotas, lower taxes, waive licensing requirements and grant special concessions have all been held to violate the act.

VI. PERMITTED PAYMENTS

Pursuant to the act, there are three narrow categories of payments that, depending on the circumstances, may be permissible. The determination of whether a payment falls within one of these narrow categories is often difficult. Thus, every teammate must seek prior approval from [insert] before making or authorizing any payment (or offer or promise to pay) to any prohibited recipient pursuant to one of these exceptions.

Any payment made pursuant to one of these three exceptions must be properly documented in accordance with Midmark's internal accounting procedures.

A. Permissible Under Local Law

The act does not prohibit payments by teammates to prohibited recipients that are permissible under the written laws and regulations of the foreign country.

It is important to note that bribery is prohibited in each of the countries in which Midmark does business.

B. Bona Fide Business Expenditures

The act does not prohibit payments by teammates to a prohibited recipient if such payments are for bona fide business expenditures. The exception for bona fide business expenditures is very narrow. To be permitted, such expenditures (i) must directly relate to the promotion, demonstration, or explanation of products or services or to the execution or performance of a contract with a foreign government or agency, (ii) must be reasonable and necessary, (iii) must be allowed under the local law of that country and (iv) must not be provided with any corrupt intent to influence an official act of the official or party.

C. Facilitating Payments

The act exempts payments made by teammates to facilitate or expedite performance of a “routine governmental function.” The FCPA lists the following examples of payments that may fall within the exception: obtaining permits, licenses or other official documents; processing government papers, such as visas and work orders; providing police protection or mail service; providing phone service, power and water supply or loading and unloading cargo; and scheduling inspections associated with contract performance or transit of goods across country.

To be classified as a “facilitating payment,” the payment must be for routine governmental action, must be customary in the country where the

payment is made and must be permissible under local law.

“Routine governmental action” involves a nondiscretionary act that the official was already obligated to perform. “Routine governmental action” does not include any decision by a foreign official to award new business, continue business with a particular party or direct business.

VII. GIFTS

Modest gifts provided by teammates to a prohibited recipient as a token of appreciation or to showcase Midmark’s products may be permissible under the act provided (i) the gift is of nominal value, (ii) the gift is permissible under the local law of that country, (iii) the gift is of an amount and of a kind that is customary to give in that country and (iv) the gift is not provided with any corrupt intent to influence an official act or to obtain, retain or direct business.

Any gifts provided by teammates to a prohibited recipient must also be properly documented in accordance with Midmark’s internal accounting procedures.

Determining whether a gift is permissible under the act can be very difficult. Accordingly, prior approval from **[insert]** must be obtained by all teammates before providing any gift to a foreign official, foreign political party or party official, or candidate for foreign political office. **[Discuss whether to include a monetary limit above which approval is required]**

VIII. CONSEQUENCES OF A VIOLATION

The anti-bribery provisions of the FCPA are enforced by the Department of Justice both criminally and civilly. In recent years, enforcement of the act has been vigorous.

Criminal Penalties: Under the act, a corporation convicted of violating the FCPA can be fined up to \$2 million per offense. An individual convicted of violating the act can be fined up to \$100,000 per offense. Alternative sentencing guidelines under federal law may result in even greater fines. In addition, an individual can be sentenced to as much as five (5) years in prison.

Civil Penalties: The government can also bring a civil action against any corporation or individual believed to have violated the act for fines up to \$10,000 and/or injunctive relief. A court-imposed injunction could entail substantial restrictions upon Midmark's business operations, providing competitors not subject to such prohibitions with a continuing advantage.

Violations of the FCPA are not covered by directors and officers insurance, and Midmark may not indemnify any individual for such violations.

Any Midmark Teammate who violates this guide or the FCPA will be subject to adverse employment action, including, where warranted, termination. Foreign distributors, agents or representatives of Midmark who violate this guide or the FCPA will also be subject to sanction, including, where warranted, termination of the relationship (contract or otherwise).

Conclusion

We ask that you study this guide carefully. Any questions regarding the FCPA or this guide should be directed to [insert]