

SOCIETY FOR RESEARCH ON BIOLOGICAL RHYTHMS, INC.

CONFLICT OF INTEREST POLICY

ARTICLE I - PURPOSE

The purpose of this conflict of interest policy (the “Policy”) is to protect the interest of the Society for Research on Biological Rhythms, Inc. (the “Corporation”) when the Corporation or any director, officer or employee of the Corporation, acting on behalf of the Corporation, is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer or employee of the Corporation. It is the policy of the Corporation to require its directors, officers and employees involved in decision-making to honestly and loyally serve the best interests of the Corporation to the exclusion of other interests and activities that are, or may be, inconsistent with or injurious to the best interests of the Corporation. This policy is intended to supplement but not replace: (a) any applicable federal or state laws governing conflicts of interest applicable to nonprofit and charitable organizations; and (b) the federal “Intermediate Sanctions” rules of section 4958 of the Internal Revenue Code of 1986, as amended.

ARTICLE II - DEFINITIONS

1. Interested Person. Any director, officer, member of a committee of the board of directors or key employee (as such term may be defined by the board of directors (the “Board”) from time to time), who has a direct or indirect Private Interest (as defined below) in a proposed transaction or arrangement involving the Corporation.

2. Family Member. With respect to a person, (a) a spouse, parent, sibling or child of such person or (b) any other individual (whether or not related by blood or marriage) living in the same household as such person.

3. Private Interest. A person has a Private Interest if such person has a Financial Interest or Other Interest (each as defined below).

(a) A person has a Financial Interest if the person has or anticipates having, directly or indirectly, through the activities of such person or a Family Member of such person:

(i) ownership or control of at least five percent (5%) of the equity or voting interest of any entity with which the Corporation has or is contemplating a transaction or arrangement;

(ii) a relationship as an officer, director, partner or lender of any entity with which the Corporation has or is contemplating a transaction or arrangement; or

- (iii) a compensation arrangement with any entity or individual with which the Corporation has or is contemplating a transaction or arrangement.

In addition, a person has a Financial Interest in the negotiation of any compensation arrangement between such person and the Corporation. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

- (b) A person has an Other Interest if such person, or a Family Member of such person:

- (i) serves as a trustee, director, officer or employee of any entity with which the Corporation has or is contemplating a transaction or arrangement;
- (ii) is a significant donor to any entity with which the Corporation has or is contemplating a transaction or arrangement; or
- (iii) wields decision-making authority, whatever the person's formal title, in any entity with which the Corporation has or is contemplating a transaction or arrangement.

A Private Interest is not necessarily a conflict of interest. Under Article III, Section 2 of this Policy, a person who has a Private Interest does not have a conflict of interest within the meaning of this Policy unless the Board or the appropriate committee decides that a conflict of interest exists.

ARTICLE III - PROCEDURES

1. Duty to Disclose. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of her or his Private Interest in, and the material facts relating to, a proposed transaction or arrangement to the Board or to the members of any committee with Board-delegated powers considering the transaction or arrangement.

2. Determination of the Existence of a Conflict of Interest. After disclosure of the Private Interest and the material facts to the Board or committee, the Board or committee members shall discuss and vote upon the question of whether a conflict of interest exists or could, in the opinion of such Board or committee members, reasonably be construed to exist. At the request of the chairperson of the Board or committee, or upon a majority vote of the Board or committee members (excluding the Interested Person), the Interested Person shall leave the Board or committee meeting during such discussion and/or vote. A majority vote of the Board or committee members (excluding the Interested Person) shall be required to determine that a conflict of interest exists or could reasonably be construed to exist.

3. Procedures for Addressing the Conflict of Interest. In the event that a determination is made under Section 2 of this Article III that a proposed transaction or arrangement presents, or could reasonably be construed as presenting, a conflict of interest, the

Corporation shall not enter into or otherwise approve the transaction or arrangement except in compliance with the following procedures:

- (a) An Interested Person may make a presentation at the Board or committee meeting.
- (b) Upon a majority vote of the Board or committee members (excluding the Interested Person), the Interested Person shall leave the meeting during the discussion of and/or the vote on, the transaction or arrangement that results in the conflict of interest.
- (c) Upon a majority vote of the Board or committee members, the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (d) After exercising due diligence (including, to the extent reasonably deemed appropriate by the Board or committee, the review of available recent comparable data), the disinterested members of the Board or committee shall determine whether the Corporation can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity such that the transaction or arrangement would not give rise to a conflict of interest.
- (e) The Board or committee, after consideration of relevant factors, including without limitation, the charitable mission of the Corporation, shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violations of the Conflict of Interest Policy.

- (a) If the Board or committee has reasonable cause to believe that an Interested Person has failed to disclose an actual or possible conflict of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the response of the Interested Person and making such further investigation as may be warranted under the circumstances, the Board or committee determines that the Interested Person has, in fact, failed to disclose an actual or possible conflict of interest, it may, at its discretion, take (or, in the case of a committee lacking such authority, may recommend that the Board take):
 - (i) appropriate corrective action including ratifying or nullifying the transaction or arrangement;
 - (ii) appropriate disciplinary action, if any, against the Interested Person, up to and including termination; and

(iii) any other action the Board reasonably deems to be in the best interest of the Corporation.

5. Quorum. Interested Persons may be counted in determining the presence of a quorum at a meeting of the Board or any committee thereof which authorizes, approves or ratifies a transaction or arrangement pursuant to this Policy.

ARTICLE IV - MISCELLANEOUS

1. Records of Proceedings. The minutes of the Board and all committees with Board-delegated powers shall contain:

- (a) the names of the persons who disclosed or otherwise were found to have a Private Interest in connection with an actual or possible conflict of interest, the nature of the Private Interest, a description of any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed or could reasonably have been construed to exist; and
- (b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

2. Compensation Committee. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services may not vote on matters pertaining to that member's compensation.

3. Annual Statements. Upon becoming an Interested Person and on or about each January 15 thereafter, each Interested Person shall sign and submit to the Secretary of the Corporation, a statement (Exhibit A attached hereto) that affirms that such person:

- (a) has received a copy of the Policy;
- (b) has read and understands the Policy;
- (c) has agreed to comply with the Policy;
- (d) understands that the Corporation is a non-profit organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes; and
- (e) has disclosed all potential conflicts of interest including, but not limited to, outside employment, business relationships, investments or other directorships.

4. Periodic Reviews. To ensure that the Corporation operates in a manner consistent with its charitable and educational purposes and that it does not engage in activities

that could jeopardize its status as an organization exempt from federal income tax, a committee appointed by the Board shall, from time to time, conduct a review of the following matters:

- (a) whether compensation agreements and benefits involving the Corporation are reasonable and are the result of arms-length bargaining;
- (b) whether transactions, agreements and arrangements entered into by the Corporation are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable and educational purposes and do not result in improper inurement or impermissible benefit to any Covered Person.

5. Use of Outside Experts. In complying with this Policy, the Corporation may, but need not, use outside advisors with appropriate expertise. If outside experts are used, their use shall not relieve the Board of its responsibility for monitoring compliance with this Policy.

ADOPTED BY THE BOARD OF DIRECTORS: Jan 26th, 2010

EXHIBIT A

SOCIETY FOR RESEARCH ON BIOLOGICAL RHYTHMS, INC.

Statement of Officer, Director or Employee

I have reviewed my personal situation in light of the Conflict of Interest Policy (the "Policy") adopted by the Society for Research on Biological Rhythms, Inc. (the "Corporation") and make the following disclosures, which represent all relationships, positions, or circumstances (including those of my Family Members, as that term is defined in the Policy), which could contribute to a conflict of interest (including, but not limited to, outside employment, business relationships, investments, or directorships):

I understand that I have a continuing obligation to report promptly in writing to the President of the board of directors ("Board") or to the appropriate committee of the Board, all instances which may hereafter in which there may be a potential conflict of interest, or in which there may be the appearance of any conflict of interest, and to update this statement in the event of any significant changes to the content of this statement.

I understand that the Corporation is a non-profit organization that must engage primarily in activities that accomplish one or more of its tax-exempt purposes in order to maintain its federal tax exemption.

I certify that the information set forth above is true and complete to the best of my knowledge and that I have reviewed, understand and agree to abide by the Policy, as currently in effect.

Signature: _____

Name: _____

Date: _____

Please deliver this statement to the Secretary of the Corporation by no later than _____,
