

Related Party Policy

Policy Statement

hhgregg, Inc., and its subsidiaries (collectively, the "Company") recognize that Related Person Transactions (as defined below) can present potential or actual conflicts of interest and create the appearance that Company decisions are based on considerations other than the best interests of the Company and its stockholders. Accordingly, as a general matter, it is the Company's preference to avoid Related Person Transactions. The Company recognizes that there are situations where Related Person Transactions may be in, or may not be inconsistent with, the best interests of the Company and its stockholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides or obtains products or services to or from Related Persons (as defined below) on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. Therefore, the Company has adopted the procedures set forth below for the review, approval or ratification of Related Person Transactions.

This policy has been approved by our Board of Directors (the "Board"). The Board will review and may amend this policy from time to time.

Related Person Transactions

For the purposes of this policy, a "Related Person Transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds \$120,000, and in which any Related Person had, has or will have a direct or indirect material interest.

For purposes of this Policy, a "Related Person" means:

1. any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;
2. any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities;
3. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and
4. any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

Identification of Related Persons (Five Percent Owners)

At the time the Company becomes aware of a person's status as a beneficial owner of more than 5% of any class of the Company's voting securities by examining SEC filings and through the use of Internet search engines and a review of applicable websites, the Chief Financial Officer shall create a list, to the extent the information is readily available, of (a) if the person is an individual, the same information as is requested of directors and executive officers under this policy and (b) if the person is a firm, corporation or other entity, a list of principals or executive officers of the firm, corporation or entity, and shall update the list on a quarterly basis.

Approval Procedures

Related Person Transactions that are identified as such prior to the consummation thereof or amendment thereto shall be consummated or amended only if the following steps are taken:

1. Prior to entering into the Related Person Transaction (a) the Related Person, or (b) the director, executive officer, nominee or beneficial owner who is an immediate family member of the Related Person shall provide notice to the Board of the facts and circumstances of the proposed Related Person Transaction, including: (i) the Related Person's relationship to the Company and interest in the transaction; (ii) the material facts of the proposed Related Person Transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved; (iii) the benefits to the Company of the proposed Related Person Transaction; (iv) if applicable, the availability of other sources of comparable products or services; and (v) an assessment of whether the proposed Related Person Transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally.

2. If the Board determines that the proposed transaction involves an amount in excess of \$120,000 and is a Related Person Transaction, the proposed Related Person Transaction shall be reviewed by the Board at such time as the Board determines is reasonable.
3. The Board shall consider all of the relevant facts and circumstances available to the Board, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. No member of the Board shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Board shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Board determines in good faith.

Ratification Procedures

In the event the Company's Chief Executive Officer, President or Chief Financial Officer becomes aware of a Related Person Transaction that has not been previously approved or previously ratified under this policy:

1. If the transaction is pending or ongoing, it will be submitted to the Board or Chair of the Board promptly, and the Board shall consider all of the relevant facts and circumstances available to the Board, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. Based on the conclusions reached, the Board shall evaluate all options, including but not limited to ratification, amendment or termination of the Related Person Transaction; and
2. If the transaction is completed, the Board shall evaluate the transaction, taking into account the same factors described above, to determine if rescission of the transaction is appropriate, and shall evaluate the Company's controls and procedures to ascertain the reason the transaction was not submitted to the Board for prior approval and whether any changes to these procedures are recommended.
3. The Related Person shall not participate in the Board review described in Sections E.1 and E.2 above.

Review of Ongoing Transactions

At the Board's first meeting of each fiscal year, the Board shall review, as appropriate to determine whether to renew such Related Party Transaction, any previously approved or ratified Related Person Transactions that remain ongoing and have a remaining term of more than six months. Based on all relevant facts and circumstances, taking into consideration the Company's contractual obligations, the Board shall determine if it is in the best interests of the Company and its stockholders to renew, modify or terminate the Related Person Transaction.

Nepotism Policy

No immediate family member of a director or executive officer shall be hired as an employee of the Company unless the employment arrangement is approved by the Board at the next Board meeting. In the event a person becomes a director or executive officer of the Company and an immediate family member of such person is already an employee of the Company, no material change in the terms of employment, including compensation, may be made without the prior approval of the Board, or the Compensation Committee, as appropriate (except, if the immediate family member is himself or herself an executive officer of the Company, any proposed change in the terms of employment shall be reviewed and approved in the same manner as other executive officer compensatory arrangements).

Disclosure

All Related Person Transactions that are required to be disclosed in the Company's filings with the Securities and Exchange Commission, as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

The material features of this policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules and regulations.