FRODSHAM JAMES
Form 4
October 24, 2017

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
FRODSHAM JAMES
(Last) (First) (Middle)
C/O CIENA CORPORATION, 7035 RIDGE RD.
(Street)
HANOVER, MD 21076-1426
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CIENA CORP [CIEN]

3. Date of Earliest Transaction (Month/Day/Year)
10/20/2017

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
SR. VP, Chief Strategy Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	10/20/2017		S		2,000 (1)	D	$ 22	151,123 (2)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FRODSHAM JAMES C/O CIENA CORPORATION 7035 RIDGE RD. HANOVER, MD 21076-1426			SR. VP, Chief Strategy Officer	

Signatures

By: Michelle Griswold For: James A. Frodsham	10/20/2017
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Sales were effected pursuant to Rule 10b5-1 trading plan dated 9/14/2016.

(2) Shares reported include unvested Restricted Stock Units (RSUs) and Performance Stock Units (PSUs).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. requirements on publicly-held companies and their insiders. Many of these requirements will affect us. For example: * Our chief executive officer and chief financial officer must now certify the accuracy of all of our periodic reports that contain financial statements; * Our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures; and * We may not make any loan to any director or executive officer and we may not materially modify any existing loans. The Sarbanes-Oxley Act has required us to review our current procedures and policies to determine whether they comply with the Sarbanes-Oxley Act and the new regulations promulgated thereunder. We will continue to monitor our compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take whatever actions are necessary to ensure that we are in compliance. Small Business Issuer. --------------------- The integrated disclosure system for small business issuers adopted by the Securities and Exchange Commission in Release No. 34-30968 and effective as of August 13, 1992, substantially modified the information and financial requirements of a "Small Business Issuer," defined to be an issuer that has revenues of less than $25 million; is a U.S. or Canadian issuer; is not an investment company; and if a

majority-owned subsidiary, the parent is also a small business issuer; provided, however, an entity is not a small business issuer if it has a public float (the aggregate market value of the issuer's outstanding securities held by non-affiliates) of $25 million or more. The Securities and Exchange Commission, state securities commissions and the North American Securities Administrators Association, Inc. ("NASAA") have expressed an interest in adopting policies that will streamline the registration process and make it easier for a small business issuer to have access to the public capital markets. We are deemed to be a "small business issuer," and we have selected to comply with the "small business issuer" disclosure requirements of Regulation SB of the Securities and Exchange Commission. Reporting Obligations. --------------------- Section 14(a) of the Exchange Act requires all companies with securities registered pursuant to Section 12(g) of the Exchange Act to comply with the rules and regulations of the Securities and Exchange Commission regarding proxy solicitations, as outlined in Regulation 14A. Matters submitted to stockholders of our Company at a special or annual meeting thereof or pursuant to a written consent will require our Company to provide our stockholders with the information outlined in Schedules 14A or 14C of Regulation 14; preliminary copies of this information must be submitted to the Securities and Exchange Commission at least 10 days prior to the date that definitive copies of this information are forwarded to our stockholders. We are also required to file annual reports on Form 10-KSB and quarterly reports on Form 10-QSB with the Securities Exchange Commission on a regular basis, and will be required to timely disclose certain material events (e.g., changes in corporate control; acquisitions or dispositions of a significant amount of assets other than in the ordinary course of business; and bankruptcy) in a current report on Form 8-K. "Penny Stock" Designation. ------------------------- Our common stock is "penny stock" as defined in Rule 3a51-1 of the Securities and Exchange Commission. Penny stocks are stocks: * with a price of less than five dollars per share; * that are not traded on a "recognized" national exchange; * whose prices are not quoted on the NASDAQ automated quotation system; or * in issuers with net tangible assets less than $2,000,000, if the issuer has been in continuous operation for at least three years, or $5,000,000, if in continuous operation for less than three years, or with average revenues of less than $6,000,000 for the last three years. Section 15(g) of the Exchange Act and Rule 15g-2 of the Securities and Exchange Commission require broker/dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before making any transaction in a penny stock for the investor's account. You are urged to obtain and read this disclosure carefully before purchasing any of our shares. Rule 15g-9 of the Securities and Exchange Commission requires broker/dealers in penny stocks to approve the account of any investor for transactions in these stocks before selling any penny stock to that investor. This procedure requires the broker/dealer to: * get information about the investor's financial situation, investment experience and investment goals; * reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor can evaluate the risks of penny stock transactions; * provide the investor with a written statement setting forth the basis on which the broker/dealer made his or her determination; and * receive a signed and dated copy of the statement from the investor, confirming that it accurately reflects the investor' financial situation, investment experience and investment goals. Compliance with these requirements may make it harder for our stockholders to resell their shares. Research and Development. ------------------------ None; not applicable. Cost and Effects of Compliance with Environmental Laws. -- None; not applicable. Number of Employees. -------------------- Our Company currently employs 29 employees, of which 25 are full-time. Item 2. Description of Property. ----------------------- Omni has an interest in three parcels of real property: 1609 West Street, Montgomery, Alabama, that it is purchasing; 1867 Crane Ridge Drive, Suite #250-A, Jackson, Mississippi, and 1107 Mt. Rushmore Road, Suite 2, Rapid City, South Dakota, both of which are leased. Item 3. Legal Proceedings. ----------------- To the knowledge of our management, no director or executive officer is party to any action in which any has an interest adverse to us, except that on October 1, 2003, certain minority shareholders of Omni notified the Company that they believe that Omni has taken actions that have diluted their interests. These minority shareholders have demanded the return of certain assets or a substantial financial settlement to be reached within 15 days. These minority shareholders have notified the Company of their intentions to make a filing with the American Arbitration Association pursuant to the Agreement for the Exchange of Common Stock dated April 15, 2002, if the matter is not resolved within the 15 day time frame. No such filing has been made, and there have been no stated monetary damages claimed. Management believes that the issues raised by these minority shareholders is without merit and management intends to vigorously defend any action, if filed. However, it is too early to determine the ultimate outcome of the matter. Item 4. Submission of Matters to a Vote of Security Holders.

-- No matter was submitted to the Company's shareholders during the last quarter of our current fiscal year. PART II Item 5. Market for Common Equity and Related Stockholder Matters. -- Market Information. ------------------- There has never been any "established trading market" for our shares of common stock. Our common stock is presently quoted on the OTC Bulletin Board of the NASD under the symbol "ONMH" as reflected below. No assurance can be given that any market for our common stock will develop in the future or be maintained. If an "established trading market" ever develops in the future, the sale of "restricted securities" (common stock) pursuant to Rule 144 of the Securities and Exchange Commission by members of management or others may have a substantial adverse impact on any such market. The range of high and low bid quotations for our common stock during each quarter for the last year, are shown below. Prices are inter-dealer quotations as reported by the NQB, LLC, and do not necessarily reflect transactions, retail markups, mark downs or commissions. Stock Quotations ---------------- Quarter Ended High Low ------------ ---- --- April 1, 2003 through June 30, 2003 $0.03 $0.03 July 1, 2003 through August 22, 2003 $0.03 $0.02 August 25, 2003 through September 30, 2003* $1.25 $0.02 October 1, 2003 through December 31, 2003 $1.26 $0.30 January 1, 2004 through March 31, 2004 $0.78 $0.26 *After a 1 for 14.5 reverse split. Recent Sales of Unregistered Securities. -------------------------------------- Shares issued Consideration ------------- ------------- Issuance of common stock in exchange for note payable 303,134 $45,000 Sale of common stock pursuant to private placement 303,134 45,000 Sale of common stock pursuant to private placement 1,024,628 500,000 Issuance of common stock in business acquisition 46,108 30,000 Issuance of common stock for services 30,355 14,813 Sale of common stock pursuant to private placement 92,216 45,000 Acquisition of Piezo Instruments 8,607,352 Exchange of shares Sale of common stock pursuant to stock purchase agreement 577,125 225,250 Sale of common stock pursuant to private placement 235,000 121,000 Issuance of common stock for services 15,000 4,500 Holders. -------- As of July 9, 2004, there were 23,898,776 shares of common stock outstanding and approximately 305 stockholders of record. Dividends. ---------- We have not paid any cash dividends since our inception and do not anticipate or contemplate paying dividends in the foreseeable future. It is the present intention of management to utilize all available funds for the development of our business. Securities Authorized For Issuance under Equity Compensationn Plans. -- We do not have any Equity Compensation Plans presently in place. Item 6. Management's Discussion and Analysis or Plan of Operation. --- Capital Resource Requirements. ------------------------------ Liquidity. ---------- As of March 31, 2004, the Company's working capital deficit was $543,818, compared to a surplus of $113,000 as of March 31, 2003. The Company's cash balance decreased from $258,000 at March 31, 2003 to $6,140 at March 31, 2003. The decrease was primarily the result of utilizing $125,000 of cash to fund continuing operating activities for the year, cash used to fund discontinued operations of $33,000, cash paid for the acquisition of MBM and McCoy of $150,000 and $100,000 respectively, net cash paid to the shareholders of MPSI of $29,000 and $25,000 of deferred financing costs, offset by $391,250 received from the issuance of common stock and stock subscriptions and $75,000 of proceeds from the working capital loan from MBM. The Company currently has commitments under an Employment Agreement with one of the former owners of MBM through May 30, 2004, guaranteeing annual compensation of $50,000 plus a performance based bonus, in addition to an Employment Agreement with one of the former owners of McCoy through November 30, 2005, guaranteeing annual compensation of $30,000 plus a performance based bonus. The Company currently leases office space under an operating lease for $6,000 per month, which terminates July 31, 2006. Effective October 1, 2003, Omni entered into an Employment Agreement with its Chief Executive Officer and President through December 31, 2008. The Agreement provides compensation at an annual base salary of $150,000 and increases to $180,000 annually the first month Omni's gross revenue exceeds $450,000 in a month. The Agreement also provides for a $75,000 bonus to be paid as of February 1, 2004, and awards stock options based upon revenue targets. As of March 31, 2004, no stock options have been earned under the Agreement. The $75,000 has been accrued in the attached financial statements. To support the above activities and commitments, the Company will need to seek additional financing including equity financing. A private securities offering was also initiated on February 15, 2004, and has raised $225,250 in net proceeds from the sale of 577,125 shares of common stock as of March 31, 2004. It is anticipated that the Company will raise additional funds from this offering or other private offerings, though no assurance can be given that sufficient funds will be raised to fund the Company's operations. During December 2003, Omni entered into a Loan Agreement and Security Agreement with Presidential Financial Corporation allowing the Company to borrow up to 80% of its accounts receivable or $300,000, whichever is less. The loan is secured by accounts receivable and other tangible assets of Omni and accrues interest at prime plus 2%. As of March 31, 2004, the Company had borrowed $44,956 on the line of credit. Results of Operations. --------------------- For the year ended March 31, 2004, the Company had revenues from continuing operations totaling $1,181,146 compared to $96,462 for the year ended March 31, 2003. Cost of sales for the year ended March 31, 2004, were $748,710 compared to $0 during the same period in the prior year. Cost of sales increased during the year ended March 31, 2003, due to increased revenues. General and administrative expenses for the year ended March 31, 2004, were $916,631 compared to $245,599 for the same period in 2003. The increase in is primarily due to non-cash items and expenses of being public. Interest expense was $37,298 for the year ended March 31, 2004, compared to $11,876 for the year ended March 31, 2003. The increase in the current fiscal year is due to acquisitions that we have completed. Item 7. Financial Statements. -------------------- Omni Medical Holdings, Inc. Independent Auditors' Report and Consolidated Financial Statements March 31, 2004 Omni Medical Holdings, Inc. TABLE OF CONTENTS Independent Auditors' Report The Board of Directors and Shareholders Omni Medical Holdings, Inc. We have audited the accompanying consolidated balance sheet of Omni Medical Holdings Inc. as of March 31, 2004 and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Omni Medical Holdings, Inc., and subsidiaries as of March 31, 2004 and the results of operations and cash flows for the years ended March 31, 2004 and 2003, in conformity with accounting principles generally accepted in the United States of America. The accompanying financial statements have been prepared assuming that Omni Medical Holdings, Inc. will continue as a going concern. As discussed in Note 9 to the financial statements, the Company has accumulated losses from operations and a deficit in working capital. These issues raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 9. The financial statements do not include any adjustment that might result from the outcome of this uncertainty. /s/ Mantyla McReynolds Mantyla McReynolds Salt Lake City, Utah July 8, 2004 REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM Board of Directors Omni Medical Holdings, Inc. We have audited the accompanying consolidated statements of operations, stockholders' equity and cash flows of Omni Medical Holdings, Inc. and subsidiaries ("the Company") for the year ended March 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Omni Medical Holdings, Inc. and subsidiaries for the year ended March 31, 2003 in conformity with U.S. generally accepted accounting principles. /s/Gelfond Hochstadt Pangburn P.C. Gelfond Hochstadt Pangburn, P.C. Denver, Colorado September 2, 2003, except for the restatement adjustments described in Notes 1 and 3, as to which the date is September 5, 2003. Omni Medical Holdings, Inc. Consolidated Balance Sheet March 31, 2004 ASSETS Current assets: Cash and cash equivalents $ 6,140 Accounts receivable, net, including unbilled amounts of approximately $214,926-Note 1 377,326 Employee advances 3,935 Prepaid expenses 3,834 ---------- Total current assets 391,235 Property & equipment, net-Notes 1& 4 262,434 Other assets: Deposits 380 Deferred financing costs-Note 11 25,000 Goodwill-Note 1 72,300 Intangible assets, net-Note 1 507,482 ---------- Total other assets 605,162 ---------- TOTAL ASSETS $1,258,831 ========== See accompanying notes to financial statements Omni Medical Holdings, Inc. Consolidated Balance Sheet [continued] March 31, 2004 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Accounts payable $ 168,727 Accrued expenses 255,999 Line of credit- Note 6 44,956 Notes payable, current portion-Note 7 465,371 ----------- Total current liabilities 935,053 Notes payable, net of current portion-Note 7 229,532 ----------- Total long-term liabilities 229,532 Total liabilities 1,164,585 Stockholders' equity:-Note 5 Preferred stock, no par value, 1,000,000 shares authorized, no shares issued and outstanding - Common stock, par value $0.001 per share; 50,000,000 shares authorized; 15,260,187 issued and outstanding 15,260 Common stock to be issued under reorganization agreement 474,659 shares 475 Capital in excess of par value 1,973,648 Deferred compensation expense (7,342) Accumulated deficit (1,887,795) ---------- Total stockholders' equity 94,246 ---------- TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY $1,258,831 ========= See accompanying notes to financial statements Omni Medical Holdings, Inc. Consolidated Statements of Operations For the years ended March 31, 2004 and 2003 2004 2003 Revenue $1,181,146 $ 96,462 Cost of sales 748,710 - ---------- ---------- Gross operating profit 432,436 96,462 General and administrative expenses 916,631 245,599 ---------- ---------- Income (loss) from operations (484,195) (149,137) Other income (expense): Interest income - 32,284 Interest expense (37,298) (11,876) ---------- ---------- Total other income (expense) (37,298) 20,408 ---------- ---------- Loss from continuing operations before income taxes (521,493) (128,729) Provision for income taxes - - ---------- ---------- Loss from continuing operations (521,493) (128,729) Loss from discontinued operations, net of taxes-Note 3 (33,736) (386,361) ---------- ---------- Net loss $ (555,229) $ (515,090) ========= ========= Loss per share basic and diluted: Continuing operations $ (0.04) $ (0.01) ========= ========= Discontinued operations $ (0.01) $ (0.02) ========= ========= Net loss per share $ (0.04) $ (0.03) ========= ========= Weighted average number of common shares outstanding-basic and diluted 14,708,706 19,805,993 ========= ========= See accompanying notes to financial statements Omni Medical Holdings, Inc. Consolidated Statements of Stockholders' Equity For the Years Ended March 31, 2004 and 2003 Common Additional Shares Common stock to Paid in Issued Stock be issued Capital Balance April 1, 2002 12,305,536 $12,306 $ - $ 885,300 Restatement adjustment at merger with Piezo, September 5, 2003 6,607,352 6,607 (6,607) Issuance of common stock in exchange for note payable 303,134 303 44,697 Sale of common stock pursuant to private placement 303,134 303 44,697 Stock transferred to employees by majority shareholder 52,500 Sale of common stock pursuant to private placements 1,024,628 1,025 498,975 Issuance of common stock in business acquisition 46,108 46 29,954 Earned compensation expense Issuance of common stock for services 30,355 30 14,783 Net loss for year ended March 31, 2003 ---------- ------- ------ ---------- Balance, March 31, 2003 20,620,247 20,620 - 1,564,299 Disposition of subsidiary (7,795,520) (7,795) 31,720 Sale of common stock pursuant to private placements 92,216 92 44,908 Repurchase of dissenter's common stock (9,222) (9) (111) Acquisition of Piezo on September 5, 2003 2,000,000 1,525 475 (17,091) Sale of common stock pursuant to stock purchase agreement 577,125 577 224,673 Sale of common stock pursuant to private placement 235,000 235 120,765 Issuance of common stock for services 15,000 15 4,485 Earned compensation expense Net loss for year ended March 31, 2004 Balance, March 31, 2004 15,734,846 $15,260 $ 475 $ 1,973,648 [CONTINUED] Omni Medical Holdings, Inc. Consolidated Statements of Stockholders' Equity For the Years Ended March 31, 2004 and 2003 Deferred Total Compen- Advance Stockholders' sation Accumulated Receivable Equity Expense Deficit Shareholder (Deficit) Balance April 1, 2002 $(67,778) $ (817,476) $(24,708) $ (12,356) Restatement adjustment at merger with Piezo , September 5, 2003 - Issuance of common stock in exchange for note payable 45,000 Sale of common stock pursuant to private placement 45,000 Stock transferred to employees by majority shareholder 52,500 Sale of common stock pursuant to private placements 500,000 Issuance of common stock in business acquisition 30,000 Earned compensation expense 26,667 26,667 Issuance of common stock for services 14,813 Net loss for year ended March 31, 2003 (515,090) (515,090) -------- ---------- ------- ---------- Balance, March 31, 2003 (41,111) (1,332,566) (24,708) 186,534 Disposition of subsidiary 24,708 48,633 Sale of common stock pursuant to private placements 45,000 Repurchase of dissenter's common stock (120) Acquisition of Piezo on September 5, 2003 (8,793) (23,884) Sale of common stock pursuant to stock purchase agreement 225,250 Sale of common stock pursuant to private placement 121,000 Issuance of common stock for services 4,500 Earned compensation expense 42,562 42,562 Net loss for year ended March 31, 2004 (555,229) (555,229) Balance, March

31, 2004 $ (7,342) $(1,887,795) $ - $ 94,246 -------- ---------- -------- ---------- See accompanying notes to financial statements Omni Medical Holdings, Inc. Consolidated Statements of Cash Flows For the years ended March 31, 2004 and 2003 2004 2003 CASH FLOWS FROM OPERATING ACTIVITIES Loss from continuing operations $ (521,493) $ (128,729) Loss from discontinued operations (33,736) (386,361) Adjustments to reconcile net loss to net cash used in continuing operations: Depreciation and amortization 116,680 25,937 Stock-based compensation expense 33,769 93,980 Stock issued for services 4,500 - Changes in operating assets and liabilities, net of effect of business acquisition and disposition: Accounts receivable (298,074) 9,418 Employee advances (3,935) - Prepaid expenses (3,834) - Inventories disposed of with subsidiary 400,888 146,807 Deposits (380) - Accounts payable (103,931) 996 Accrued expenses 225,741 (11,135) ------------ ------------ Net cash used in operating activities (183,805) (249,087) CASH FLOWS FROM INVESTING ACTIVITIES Purchase of property and equipment (15,649) (54,960) Payment for disposition of subsidiary, net (36,000) - Payments for purchase of businesses (475,094) (65,000) ----------- ------------ Net cash used in investing activities (526,743) (119,960) CASH FLOWS FROM FINANCING ACTIVITIES Repurchase of dissenter's common stock (120) - Deferred financing costs (25,000) - Borrowings on line of credit 44,956 - Proceeds from issuance of debt 75,000 125,000 Payments of notes payable (27,361) (52,334) Proceeds from the issuance of common stock 391,250 545,000 ------------ ------------ Net cash provided by financing activities 458,725 617,666 ------------ ------------ NET INCREASE (DECREASE) IN CASH (251,823) 248,619 CASH AT BEGINNING OF YEAR 257,963 9,344 ------------ ------------ CASH AT END OF YEAR $ 6,140 $ 257,963 ============ ============ See accompanying notes to financial statements Omni Medical Holdings, Inc. Consolidated Statements of Cash Flows [continued] For the years ended March 31, 2004 and 2003 2004 2003 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: Cash paid for interest in continuing operations $ 37,298 $ 10,872 Cash paid for interest in discontinued operations 1,402 34,841 Cash paid for income taxes - - SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES: Conversion of debt to equity $ - $ 45,000 BUSINESS ACQUISITIONS: Fair value of assets acquired $ 795,968 $ 184,761 Issuance of debt/assumption of liabilities (320,874) (89,761) Common stock issued at acquisition - (30,000) ------------ ----------- Cash paid $ 475,094 $ 65,000 ============ =========== See accompanying notes to financial statements Omni Medical Holdings, Inc. Notes to Consolidated Financial Statements March 31, 2004 Note 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Business - Omni Medical Holdings, Inc. ("Omni"), a Utah corporation, provides medical billing and transcription services to medical practitioners in Alabama, Mississippi, South Dakota and Kentucky. Organization - The company was previously organized as Piezo Instruments, Inc. ("Piezo"), a Utah corporation. Effective September 5, 2003, Piezo and Omni Medical of Nevada, Inc., a Nevada Corporation ("Omni Nevada") executed an Agreement and Plan of Reorganization (the "Reorganization Agreement"), whereby Piezo agreed to acquire 100% of the issued and outstanding shares of common stock of Omni Nevada in exchange for up to 16,000,000 newly issued shares of common stock of Piezo, (of which 12,443,062 have been issued as of March 31, 2004 and 474,659 shares are to be issued as of March 31, 2004 for a total of 12,907,721 shares,) or approximately 86% of the post-Reorganization Agreement outstanding securities of Piezo. The transaction was accounted for as a reverse acquisition of Piezo by Omni Nevada. Shares of common stock authorized and issued have been retroactively restated to present the capital structure of Piezo. Concurrent with the merger, Piezo changed its name to Omni Medical Holdings, Inc. At the closing, and excluding the shares exchanged for Omni, the outstanding common stock of Piezo totaled 2,000,000 shares, after taking into account a 1 for 14.5 reverse split and the following transactions: 1. In consideration of the closing of the Reorganization Agreement, certain principal stockholders of Piezo (i) delivered 1,466,379 post-split shares of Piezo for cancellation, which included 225,000 post-split shares of common stock underlying an option granted to one of the canceling stockholders; and (ii) waived any registration rights that had been granted to them or were applicable to any of the cancelled shares. In exchange for the cancellation of these shares and the waiver of any registration rights, Piezo issued an aggregate of 500,000 post-split newly issued shares of common stock to the canceling stockholders. 2. Piezo issued 293,104 shares of common stock to certain principal stockholders of Piezo in exchange for services to be rendered under a six month consulting agreement, resulting in consulting expense of approximately $8,800. As of October 31, 2003, the deadline for completing the share exchange transaction with Piezo, approximately 81% of Omni's outstanding shares had been tendered to the Company in accordance with the instructions for exchanging shares (12,443,062 have been issued as of March 31, 2004 and 474,659 shares are to be issued as of March 31, 2004 for a total of 12,907,721 shares). The other 19% of Omni's outstanding shares had taken no action whatsoever a and continue to own a minority interest in the Company's subsidiary, Omni Nevada. Shareholders of approximately 9,222 post recapitalization shares exercised their rights to dissent, and the Company repurchased the shares for $120. On December 31, 2003, pursuant to the unanimous consent of the board of directors for Omni Medical of Nevada and Omni Medical Holdings, Inc., Omni Medical of Nevada sold, assigned and transferred to Omni Medical Holdings, Inc all shares of the common stock of Omni Medical Services, Inc. for $100.00. Principles of consolidation-The accompanying consolidated financial statements include the accounts of Omni Medical Holdings, Inc., its wholly owned subsidiary, Omni Medical Services, Inc. and its majority owned subsidiary, Omni Medical of Nevada, Inc. All significant intercompany balances and transactions are eliminated. Omni Medical Holdings, Inc. Notes to Consolidated Financial Statements March 31, 2004 Note 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued] Revenue recognition- The Company recognizes revenue according to Staff Accounting Bulletin 101, Revenue Recognition in Financial Statements which clarifies U.S. generally accepted accounting principles for revenue transactions. Use of estimates in preparation of financial statements- The preparation of financial statements in conformity with generally accepted accounting principles used in the U. S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Cash and cash equivalents- The Company considers all highly liquid investments with original maturities at the date of purchase of three months or less to be cash equivalents. Bad debt and allowance for doubtful accounts- The allowance for doubtful accounts is maintained at a level sufficient to provide for estimated credit losses based on evaluating known and inherent risks in the receivables portfolio. The Company provides an allowance for doubtful accounts which, based upon management's evaluation of numerous factors, including economic conditions, a predictive analysis of the outcome of the current portfolio and prior credit loss experience, is deemed adequate to cover reasonably expected losses inherent in outstanding receivables. The allowance at March 31, 2004 is $32,239. Concentrations of credit risk-The Company grants credit to its customers, generally without collateral. At March 31, 2004, two customers accounted for 42% of accounts receivable. During the years ended March 31, 2004 two customers accounted for 35% of sales, and during the year ended March 31, 2003 no one customer accounted for 10% or more of sales. Property and equipment- Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred. The following is a summary of the estimated useful lives and depreciation methods used in computing depreciation expense: Depreciation Estimated Asset Method useful life Computer Equipment Straight-line 3 years Office Equipment Straight-line 5 years Furniture & Fixtures Straight-line 7 years Equipment - Manufacturing Straight-line 7 years Building & Land - Alabama Straight-line 25 years Goodwill and intangible assets-The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142 "Goodwill and Other Intangible Assets". SFAS No. 142 addresses the accounting and Omni Medical Holdings, Inc. Notes to Consolidated Financial Statements March 31, 2004 Note 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued] reporting for acquired goodwill and other intangible assets. The Company's goodwill consists $36,000 applicable the A&V medical transcription acquisition in July 2002 and $36,300 applicable to the Medical Billing Management purchase in May 2003. The Company continually tests goodwill for impairment and recognizes a loss when the carrying value exceeds the fair value. The Company has recorded no impairment charges for the years ended March 31, 2004 and 2003. The intangible asset consists of customer lists acquired in the acquisitions of A&V, Medical Billing Management and McCoy Business Services, Inc. as well as a trade name and non- compete agreements acquired in the McCoy acquisition. The intangible assets are being amortized over their useful life of between 2 and 5 years. Amortization expense for the years ended March 31, 2004 and 2003 were approximately $80,100 and $4,300, respectively. Amortization expense in the next five years is expected to be as follows: 3/31/05 $148,390 3/31/06 131,723 3/31/07 98,392 3/31/08 94,086 3/31/09 34,891 Income taxes- The Company complies with the provisions of Statement of Financial Accounting Standards No. 109 [the Statement], "Accounting for Income Taxes." The Statement requires an asset and liability approach for financial accounting and reporting for income taxes, and the recognition of deferred tax assets and liabilities for the temporary differences between the financial reporting basis and tax basis of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. Net Loss Per Common share-In accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share," basic loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share is computed using weighted average number of common shares plus dilutive common share equivalents outstanding during the period using the treasury stock method. During the years ended March 31, 2004 and 2003 there were no common share equivalents outstanding. Stock based compensation-SFAS No. 123, "Accounting for Stock-Based Compensation" allows companies to choose wether to account for employee stock-based compensation on a fair-value method, or to account for such compensation under the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). The Company has chosen to account for stock-based compensation using APB 25. At March 31, 2004, the Company had no stock option plans. Fair value of financial instruments- The carrying amounts of the Company's cash and cash equivalents, accounts receivable and accounts payable approximate fair values due to the short maturities of these instruments. The carrying value of the Company's short-term borrowings approximates fair value based on the Company's current incremental borrowing rate for similar types of borrowing arrangements. The fair values of the company's receivables and payables to related parties are not practicable to estimate due to the related party nature of the underlying transactions and indefinite payments terms. Derivative transactions- During the year ended March 31, 2003, the Company utilized certain short-term derivative instruments, options and puts of marketable equity securities, for trading purposes. The Company accounted for these transactions at fair value, based on market quotes and cash settlements, These transactions exposed the Company to certain market and credit risks related to the underlying investment and the counter-party, respectively. Included in interest income for the year ended March 31, 2003 is approximately $30,000 of gains from these transactions. The Company had no such transaction during the year ended March 31, 2004 and held no derivative instruments at March 31, 2004 and 2003. Omni Medical Holdings, Inc. Notes to Consolidated Financial Statements March 31, 2004 Note 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued] Recent Accounting pronouncements- In June 2002, SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, was issued. SFAS No. 146 requires recording costs associated with exit or disposal activities at their fair values when a liability has been incurred. Under previous guidance, certain exit costs were accrued upon management's commitment to an exit plan, which is generally before a liability has been incurred. The Company adopted SFAS No. 146 in September of 2003. The adoption of SFAS No. 146 did not materially impact the Company's consolidated results of operations, financial position, or cash flow. In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure. SFAS No. 148 amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for financial statements for fiscal years and interim periods ending after December 15, 2002. The disclosure provisions of SFAS No. 148 have been adopted by the Company (see Stock-Based Compensation above). SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liability and Equity ("SFAS No. 150") was issued in May 2003. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liability and equity in its statement of financial position. SFAS No. 150 became effective for the Company for new or modified financial instruments beginning June 1, 2003, and for existing instruments beginning June 28, 2003. The adoption of SFAS No. 150 did not have a material impact on the Company's Consolidated Financial Statements. In November 2002, the Financial Accounting Standards Board ("FASB") issued Financial Accounting Standards Board Interpretation No. ("FIN") 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, which requires the guarantor to recognize as a liability the fair value of the obligation at the inception of the guarantee. The disclosure requirements in FIN 45 are effective for financial statements of interim or annual periods ending after December 15, 2002. Management believes the Company has no guarantees that are required to be disclosed in the financial statements. The recognition provisions are to be applied on a prospective basis to guarantees issued after December 31, 2002. The adoption of the recognition provisions of FIN 45 did not have a material impact on the Company's financial statements. In January 2003, the FASB issued FIN No. 46, Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin ("ARB") No. 51. FIN No. 46, as revised in December 2003, addresses consolidation by business enterprises of variable interest entities. FIN No. 46 applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. FIN No. 46 applies in the first year or interim period ending

Omni Medical Holdings, Inc. Notes to Consolidated Financial Statements March 31, 2004 Note 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued] after December 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The adoption of FIN No. 46 did not have a material impact on the Company's financial statements. Note 2 BUSINESS ACQUISITIONS Effective December 1, 2003, Omni, through its wholly-owned subsidiary, Omni Medical Services, Inc., ("OMS"), completed an asset purchase agreement with McCoy Business Services, Inc. ("McCoy"), a corporation based in Kentucky and a provider of medical transcription services. The aggregate purchase price was $391,989, including $156,300 payable at closing, and $235,689 payable in eight equal quarterly installments of $30,000 beginning on February 29, 2004. The quarterly payments are subject to an earn-out provision to be calculated based on a multiple of the amount by which revenues for each quarter are greater or less than a baseline amount. The adjustments will be recorded as an adjustment to the acquisition cost of McCoy. The first quarterly payment paid on March 31, 2004 was reduced by $1,878, the second quarterly payment was reduced by $2,433. The following table summarizes the estimated fair values of the assets acquired as of December 1, 2003, the date of acquisition. The allocation of the purchase price is subject to refinement. Furniture and equipment $ 60,000 Intangible asset - customer list 135,689 Intangible asset - covenant not to compete 100,000 Intangible asset - trade name 60,000 Goodwill 36,300 -------- Net assets acquired $391,989 Effective May 30, 2003, Omni, through OMS, completed an asset purchase agreement with Medical Billing Management, Inc. ("MBM"), a corporation based in Mississippi and a provider of medical billing and collection services to medical practitioners. The aggregate purchase price was $403,979, including $150,000 paid at closing, $75,000 payable on November 30, 2003 (paid in February 2004) and $215,279 payable on May 31, 2004 (unpaid as of July 5, 2004). The May 31, 2004 payable was subject to an adjustment which was calculated based on a multiple of the amount by which revenues for the year ending May 31, 2004 was less than a baseline amount. The adjustment reduced the acquisition cost of MBM by $46,021. The following table summarizes the estimated fair values of the assets acquired as of May 30, 2003, the date of acquisition. The aggregate purchase price was discounted by $20,000 to impute interest on the non-interest bearing debt payable on November 30, 2003 and May 31, 2004. This discount has resulted in a $20,000 decrease to the amount included in intangible assets from the Company's initial allocation of the purchase price. Omni Medical Holdings, Inc. Notes to Consolidated Financial Statements March 31, 2004 Note 2 BUSINESS ACQUISITIONS [continued] Accounts receivable, net $ 62,000 Furniture and equipment 78,000 Intangible asset-customer list 263,979 --------- Net assets acquired $ 403,979 Effective July 10, 2002, Omni entered into an asset purchase agreement with A&V Digital Transcription Services ("A&V"), a general partnership and provider of medical transcription services based in Alabama. On September 4, 2002, Omni formed Omni Medical Services, Inc., (formerly Mastel Precision Health Information Services, Inc. and a wholly-owned subsidiary of Omni) to operate the transcription services business acquired from A&V. The aggregate purchase price was $95,000, including $65,000 in cash, assumption of liabilities of $90,000 and common stock valued at $30,000. The following table summarizes the estimated fair values of the assets acquired and the liabilities assumed at July 10, 2002, the date of acquisition. Current assets $ 8,000 Property, plan and equipment 109,000 Intangible asset-customer list 32,000 Goodwill 36,000 --------- Total assets acquired 185,000 Current liabilities (19,000) Long-term debt (71,000) --------- Total liabilities assumed (90,000) --------- Net assets acquired $ 95,000 ========= The McCoy, MBM and A&V acquisitions were accounted for as purchases and their results of operations are included in the Company's financial statements from the dates of acquisition. Goodwill arising on the acquisition of A&V and McCoy is expected to be fully deductible for tax purposes. Intangible assets (customer lists and trade names) acquired from McCoy, MBM and A&V are expected to be amortized over 5 years and the covenant not to compete acquired from McCoy is to be amortized over 2 years. The following proforma financial information presents results as if the MBM and McCoy acquisitions had occurred at the beginning of the years ended March 31, 2004 and 2003: 2004 2003 Revenues $1,962,908 $2,071,285 Net loss (484,186) (344,277) Basic and diluted loss per share $ (0.03) $ (0.02) Omni Medical Holdings, Inc. Notes to Consolidated Financial Statements March 31, 2004 Note 3 DISCONTINUED OPERATIONS Through May 2, 2003, Omni also produced handheld surgical instruments used by ophthalmic surgeons in refractive, corneal and LASIK surgeries and was also a developer of technology to ophthalmic surgeons, specifically within the domain of anterior segment cataract extraction, and foldable intra ocular lens placement as well as keratorefractive procedures such as LASIK. Omni operated its surgical instruments business through its wholly-owned subsidiary, Mastel Precision Surgical Instruments, Inc ("MPSI") out of its facility in Rapid City, South Dakota. Effective May 2003, Omni entered into an agreement with one of its officers and shareholders whereby Omni agreed to exchange 100% of the common stock of MPSI and $36,000 cash for all shares of common stock of Omni owned individually or jointly by the officer and his wife. As of April 30, 2003, the assets of MPSI had a carrying value of approximately $442,000 (primarily accounts receivable of approximately $53,000, inventories of approximately $387,000 and property and equipment of approximately $30,000) and MPSI's obligations and liabilities had a carrying value of approximately $527,000 (primarily accounts payable of approximately $226,000 and debt of approximately $286,000). Due to the related party nature of the transaction, no gain was recognized and shareholders equity was increased by $49,000. The results of operations from MPSI have been retroactively restated as discontinued operations. Note 4 PROPERTY AND EQUIPMENT The major categories of property and equipment are as follows: 3/31/2004 Computer Equipment $ 96,349 Office Equipment 37,525 Furniture & Fixtures 45,286 Equipment - Manufacturing 45,050 Building & Land - Alabama 85,000 Accumulated depreciation (46,776) ---------- Net property and equipment 262,434 ========== Depreciation expense was $36,514 in 2004, and $21,633 in 2003. Omni Medical Holdings, Inc. Notes to Consolidated Financial Statements March 31, 2004 Note 5 STOCKHOLDERS' EQUITY During the year ended March 31, 2004, 327,216 shares of common stock of the Company were issued in private placements at prices ranging from $0.50 to $0.75 per share. The sale of 200,000 shares at $0.50 per share was with the wife of the Company's chief executive officer and president. In December 2003, the Company entered into a Stock Escrow Agreement with an unrelated third party through which the Company issued 577,125 shares of restricted common stock to offshore investors pursuant to Regulation S, promulgated under the Securities Act of 1933. Pursuant to the agreement the escrow agent remitted 40 percent (40%) of the offer price or, $225,250 to the Company. In March 2004, the Company issued 15,000 shares of restricted common stock to an individual as an exit fee related to a possible acquisition of the individuals company. Management has estimated the fair market value of the exit fee as $4,500, which has been recorded as an expense in the accompanying financial statements. During the year ended March 31, 2003 1,327,762 post re- organization shares of common stock were issued in private placements at prices ranging from $0.14 to $0.49 per share; 303,134 post re-organization shares of common stock were issued in exchange for a note payable to an officer of the Company in the amount of $45,000 and 46,108 post re-organization shares of common stock valued at $30,000 were issued in connection with the Company's acquisition of the assets of A&V. During the year ended March 31, 2003, the Company's founding shareholder awarded 230,100 of his shares of the Company's common stock to Company employees. The Company has accounted for this award as a capital contribution by the founding shareholder resulting in compensation expense and an increase in additional paid-in capital of $52,500. Also during the year ended March 31, 2003, the Company reserved 130,000 shares of common stock for issuance to employees as compensation. Certain employees and directors were awarded 30,355 post re-organization shares of common stock valued at $0.49 per share resulting in compensation expense of $14,813. Note 6 LINE OF CREDIT On December 19, 2003 the Company entered into a loan agreement and security agreement with Presidential Financial Corporation allowing the Company to borrow up to 80% of its accounts receivable or $300,000 whichever is less. The loan is secured by accounts receivable and other tangible assets of the Company and accrues interest at prime plus 2%. As of March 31, 2004, the Company owed $44,956 on the line of credit. Omni Medical Holdings, Inc. Notes to Financial Statements March 31, 2004 Note 7 LONG-TERM DEBT The following is a summary of the Company's indebtedness as of March 31, 2004: Note payable, interest at 5%, payable in a lump sum payment, originally due, May 2004, collateralized by the assets of MBM $ 315,906 Note payable, interest at 5%, payable in quarterly payments of $30,000, due November 2005, collateralized by the assets of McCoy 207,867 Note payable, interest at 8%, payable in monthly installments of $1,956, due July 2009 collateralized by all of the assets of the company 101,998 Note payable, interest at 7.9%, payable in monthly installments of $590, due July 2016, collateralized by land and building 56,115 Note payable, related party, interest at 5%, payable in monthly installments of $375, due September 2004 12,130 Note payable, interest at 3.2%, payable in monthly installments of $905, due May 2004 887 ----------- Total $ 694,903 =========== Future minimum note payments as of March 31, 2004, are approximately as follows: Year Ending March 31: Amount 2005 $ 465,371 2006 109,937 2007 21,611 2008 23,426 Thereafter 74,558 ----------- $ 694,903 =========== Note 8 LEASES The following is a schedule by years of future minimum lease payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of March 31, 2004: Omni Medical Holdings, Inc. Notes to Financial Statements March 31, 2004 Note 8 LEASES [continued] Year ended Total March 31, 2005 $100,952 March 31, 2006 90,314 March 31, 2007 24,475 Thereafter - -------- Totals $215,741 ======== Note 9 INCOME TAXES Below is a summary of deferred tax asset calculations on net operating loss carry forward amounts. Loss carry forward amounts expire through 2023. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax asset will not be realized. NOL Description Balance Tax Rate Federal Income Tax $1,877,795 $ 638,450 34% Valuation allowance (638,450) --------- Deferred tax asset 3/31/2004 $ 0 ========= Note 10 GOING CONCERN The Company's financial statements for the years ended March 31, 2004 and 2003 show incurred net losses of $893,779, and $515,090, respectively, and has a working capital deficiency of $543,818, as of March 31, 2004, raising substantial doubt about the company's ability to continue as a going concern. Management's plans to address concerns raised by this issue include: a. The disposition of MPSI will allow the Company to concentrate on its medical billing and transcription operations, which management believes can be operated more profitably than MPSI. MPSI's operating losses for the years ended March 31, 2004 and 2003 were approximately $33,700 and $386,300, respectively. b. Management expects that cash flows will increase as a result of the Company's disposition of MPSI and it's acquisition of transcription and medical billing businesses. c. During December 2003, Omni entered into a loan agreement and security agreement with Presidential Financial Corporation allowing the Company to borrow up to 80% of its accounts receivable or $300,000 whichever is less. The loan is secured by accounts receivable and other tangible assets of OMS and accrues interest at prime plus 2%. Omni Medical Holdings, Inc. Notes to Financial Statements March 31, 2004 Note 10 GOING CONCERN [continued] d. The Company is currently pursuing additional sources of liquidity in the form of commercial credit or additional sales of the Company's equity securities to fund a combination of short-term working capital requirements and growth There is no assurance that these or any efforts will be successful. However, management believes that these measures will enable the Company to have adequate funds to support operations for the next twelve months. Note 11 RELATED PARTY TRANSACTIONS During the year ended March 31, 2003 the Company transferred inventory with a carrying value of approximately $20,000 to an officer and shareholder of the Company in exchange for a receivable. The shareholder used the inventory for promotional and other sales purposes on behalf of the Company. The Company entered into an agreement with the officer and shareholder whereby the receivable was to be settled in exchange for 32,944 shares of treasury stock, which management believes is the fair value of the stock. Accordingly, the amounts receivable from the shareholder have been shown as a reduction of stockholders equity at March 31, 2003. This agreement was terminated in connection with the disposition of MPSI in May 2003, and the receivable was acquired by the shareholder. Note 12 COMMITMENTS AND CONTINGENCIES In 2003, the Company retained the services of an investment banking firm to raise capital for future acquisitions. Through March 31, 2004 the Company has paid $25,000 in deferred financing costs which will be offset against future equity proceeds. In conjunction with the MBM acquisition, Omni entered into an employment agreement with one of the MBM's former owners, guaranteeing employment with Omni through May 30, 2004 at an annual salary of $50,000 plus a performance based bonus. In conjunction with the McCoy acquisition, Omni entered into an employment agreement with one of the McCoy's former owners, guaranteeing employment with Omni through November 30, 2005 at an annual salary of $30,000 plus performance based bonuses and benefits. Omni entered into an employment agreement with its chief executive officer and president commencing October 1, 2003 through December 31, 2008. The agreement provides compensation at an annual base salary of $150,000 and increases to $180,000 annually the first month Omni's gross revenue exceeds $450,000 in a month. The agreement also provided for a $75,000 bonus to be paid on February 1, 2004 and awards stock options based upon achieving revenue targets. As of March 31, 2004, no stock options have been earned under the agreement. The $75,000 bonus has been accrued in these financial statements. On October 1, 2003, certain minority shareholders of Omni notified the Company that they believe that Omni Medical Holdings, Inc. Notes to Financial Statements March 31, 2004 Note 12 COMMITMENTS AND CONTINGENCIES [continued] Omni has taken actions that have diluted their interests. These minority shareholders have demanded the return of certain assets or a substantial financial settlement to be reached within 15 days. These minority shareholders have notified the Company of their intentions to make a filing with the American Arbitration Association pursuant to the Agreement for the Exchange of Common Stock dated April 15, 2002 if the matter is not resolved within the 15 day time frame. No such filing has been made and there have been no stated monetary damages claimed. Management believes that the issues raised by these minority shareholders is without merit and management intends to vigorously defend any action, if filed. However, it is too early to determine the ultimate outcome of the matter. Note 13 SUBSEQUENT EVENTS On July 6, 2004 the Company announced it has reached agreement to acquire a medical service provider based in the Midwest. Closing is scheduled for July 15, 2004. On June 29, 2004 the Company retained the services of Andrew & Associates, Inc. as its Investor Relations and Public Relations consulting firm. During April, May and June 2004 , 8,276,239 shares of common stock of the Company were issued in private placements at prices ranging from $0.32 to $0.40 per share. Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. --------------------- On May 10, 2004, our Board of Directors resolved to dismiss Gelfand, Hochstadt Pangburn, P.C., as our principal independent accountant and to retain Mantyla McReynolds, Certified Public Accountants, of Salt Lake City, Utah, as our new principal independent accountant, and to audit our financial statements for the fiscal year ended March 31, 2004. See Part III, Item 13, for reference to the 8-K Current Report that provides additional information about this change in accountants. Item 8(a). Controls and Procedures. ---------------------------------- As of the end of the 90 day period at the end of this Annual Report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic reports that are filed with the Securities and Exchange Commission. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. In addition, we reviewed our internal controls, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of their last evaluation. PART III Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act. --- Identification of Directors and Executive Officers. --- The following table sets forth the name, address, age and position of each officer and director of the Company: Name Age Position ---- --- -------- Arthur D. Lyons 45 President, CEO, and Director John Globoker 30 Corporate Vice President, Secretary and Director Lance Weaver 44 Director Term of Office. -------------- Directors are elected by our stockholders to serve until the next annual meeting of our stockholders or until their successors have been elected and have duly qualified. Officers are appointed to serve until the annual meeting of our Board of Directors following the next annual meeting of our stockholders and until their successors have been elected and have qualified. The following is a summary of the business experience of each of our current directors and executive officers: Arthur D. Lyons. Since 1980, Mr. Lyons has held positions with Merrill Lynch, E.F. Hutton, Prudential Securities and PaineWebber as investment representative, pension consultant, trader and portfolio manager. In 1999, Mr. Lyons formed LHM Trading, an investment firm, and in 2000, founded Interstate Advisors, Inc., a registered investment advisor. Mr. Lyons' broad financial experience has provided him with a solid background in the financial and investment fields. He holds a B.A. Degree in sociology with a minor in accounting from Samford University in Birmingham, Alabama, in 1979. John L. Globoker. Mr. Globoker was appointed Corporate Vice President and Secretary October, 1, 2003. He graduated from the University of Northern Colorado in Greeley, Colorado and earned his MBA from National American University in 2002. John has extensive marketing experience in the areas of human resources, finance and marketing primarily through his association with the Nash Finch Co. Mr. Globoker joined the Company in mid 2003, and was promoted to senior management shortly thereafter. Lance Weaver. Director, graduated in 1982 from the South Dakota School of Mines and Technology with a degree in Mechanical Engineering. Over the past twenty years, he has owned and operated several businesses. Currently he is Vice President and shareholder in Lloyd's, Inc., an international company, based in Rapid City, South Dakota, that engineers and manufactures inspection and security robots and cameras. Family Relationships. --------------------- There are no family relationships between Mr. Lyons, Mr. Globoker and Mr. Weaver. Involvement in Certain Legal Proceedings. -- During the past five years, none of our present or former directors, executive officers or persons nominated to become directors or executive officers: (1) Filed a petition under the federal bankruptcy laws or any state insolvency law, nor had a receiver, fiscal agent or similar officer appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing; (2) Was convicted in a criminal proceeding or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him or her from or otherwise limiting his involvement in any type of business, securities or banking activities; (4) Was found by a court of competent jurisdiction in a civil action, by the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated any federal or state securities law, and the judgment in such civil action or finding by the Securities and Exchange Commission has not been subsequently reversed, suspended, or vacated. Compliance with Section 16(a) of the Exchange Act. -- We believes all forms required to be filed under Section 16 of the Exchange Act for all of the Company's directors and executive officers have been timely filed. Audit Committee. --------------- We have not adopted an audit committee as of the date of this Annual Report. We will disclose when and if we do adopt an audit committee in the future. Code of Ethics. -------------- We have adopted a Code of Ethics and it is attached as Exhibit 14 to this Annual Report. See Part III, Item 13. Item 10. Executive Compensation. ---------------------- Cash Compensation. ----------------- The following table shows the aggregate compensation that we have paid to directors and executive officers for services rendered during the periods indicated: SUMMARY COMPENSATION TABLE Long Term Compensation Annual Compensation Awards Payouts (a) (b) (c) (d) (e) (f) (g) (h) (i) Secur- ities All Name and Year or Other Rest- Under- LTIP Other Principal Period Salary Bonus Annual rictedlying Pay- Comp- Position Ended ($) ($) Compen-Stock Optionsouts ensat'n -- Arthur D. Lyons 3/31/04 0 0 0 0 0 0 0 President, 6/30/03 6000* 0 0 0 17777* 0 2200* CEO, Director Charles D. 3/31/04 0 0 0 0 0 0 0 Arbeiter 6/30/03 0 0 0 0 8889* 0 0 COO, Treas., Director John Globoker 3/31/04 16615 0 0 0 0 0 0 Corp. V.P., Secretary, Director Lance Weaver 3/31/04 0 0 0 0 0 0 0 director * Received from Omni Nevada. We do not have any stock option, bonus, profit sharing, pension or similar plan; however, we may adopt such a plan in the future to attract and/or retain members of management or key employees. Compensation of Directors. ------------------------- We do not compensate our Directors for service as such. Employment Agreements. --------------------- In conjunction with the MBM acquisition, Omni entered into an Employment Agreement with one of the MBM's former owners, guaranteeing employment with Omni through May 30, 2004, at an annual salary of $50,000, plus a performance based bonus. In conjunction with the McCoy acquisition, Omni entered into an Employment Agreement with one of the McCoy's former owners, guaranteeing employment with Omni through November 31, 2005, at an annual salary of $30,000, plus performance based bonuses and benefits. Omni entered into an Employment Agreement with its Chief Executive Officer and President commencing October 1, 2003 through December 31, 2008. The Agreement provides compensation at an annual base salary of $150,000 and increases to $180,000 annually the first month Omni's gross revenue exceeds $450,000 in a month. The Agreement also provided for a $75,000 bonus to be paid as on February 1, 2004, and awards stock options based upon achieving revenue targets. As of March 31, 2004, no stock options have been earned under the Agreement. The $75,000 bonus has been accrued in these financial statements. Item 11. Security Ownership of Certain Beneficial Owners and Management. -- The following table sets forth information concerning the beneficial ownership of Onmi common stock as of July 9, 2004, by each director and executive officer, all directors and officers as a group, and each person known to beneficially own 5% or more of its outstanding common stock. Name and Address Percentage of Beneficial Owner Shares Owned Owned ------------------ ----------------- Arthur D. Lyons 1,668,937 7.0% 2319 Huntington Place Rapid City, SD 57702 John L. Globoker -0- -0- 1225 Ames Street, Apt. #4 Spearfish, SD 57783 Lance Weaver 114,234 (2) and Cindy Weaver 3921 Mary Drive Rapid City, SD 57702 Charles D. Arbeiter 1,835,852 7.7% 4311 S. Glenview Place Rapid City, SD 57702 Langley Park Investments 3,720,930 15.6% One Great Cumberland Place London, UK W1H7AL Al Rieman 2,503,301 10.5% 216 N. Berry Pine Road Rapid City, SD 57702 LHM Trading (3) 3,045,721 12.7% 1107 Mt. Rushmore Road #2 Rapid City, SD 57701 Warren Shy 1,269,265 5.3% P. O. Box 1301 Spearfish, SD 57783 Strategic Resources LLC 3,700,000 15.5% One Great Cumberland Place London, UK W1H 7AL Totals: 17,744,006 74.2% (1) Is based on 23,898,776 shares outstanding. (2) Less than 1%. (3) LHM Trading is controlled by Arthur D. Lyons, the President, CEO, Secretary and a Director of Omni. Changes in Control. ------------------ To our knowledge, there are no present arrangements or pledges of our securities that may result in a change in control of our company. Item 12. Certain Relationships and Related Transactions. -- Transactions with Management and Others. -------------------------------------- During the year ended March 31, 2003, Omni transferred inventory with a carrying value of approximately $20,000, to an officer and shareholder of Omni in exchange for a receivable. The shareholder used the inventory for promotional and other sales purposes on behalf of Omni. Omni entered into an agreement with the officer and shareholder whereby the receivable was settled in exchange for 32,944 shares of treasury stock, which management believes is the fair value of the stock. Accordingly, the amounts receivable from the shareholder to Omni have been shown as a reduction of stockholders equity at March 31, 2003. This agreement was terminated in connection with the disposition of MPSI in May 2003, and the receivable was acquired by the shareholder. Transactions with Promoters. --------------------------- Except as outlined under the caption "Transactions with Management," during the past two years, there have been no material transactions, series of similar transactions or currently proposed transactions, to which our company or any of our subsidiaries was or is to be a party, in which the amount involved exceeded $60,000 and in which any director or executive officer, or any security holder who is known to us to own of record or beneficially more than five percent of our common stock, or any member of the immediate family of any of the foregoing persons, or any promoter or founder had a material interest. Item 13. Exhibits and Reports on Form 8-K. ------------------------------- Reports on Form 8-K. 8-K Current Report dated September 5, 2003, as amended, and filed September 23, 2003, regarding the Agreement and Plan of Reorganization with Piezo Instruments, Inc.* 8-K Current Report dated December 1, 2003, and filed March 2, 2004, regarding an Asset Purchase Agreement with McCoy Business Services.* 8-K Current Report dated May 30, 2003, and filed May 10, 2004, regarding an Asset Purchase Agreement with Medical Billing Management.* 8-K Current Report dated May 10, 2004, and filed May 13, 2004, regarding the change in accountants.* Exhibits* (i) Where Incorporated in this Report -------------- None. (ii) Exhibit Number Description ------ ----------- 14 Code of Ethics 21 Subsidiaries of the Company 31.1 302 Certification of Arthur D. Lyons 32 906 Certification * Summaries of all exhibits contained within this Report are modified in their entirety by reference to these Exhibits. ** These documents and related exhibits have been previously filed with the Securities and Exchange Commission and are incorporated herein by reference. ITEM 15. PRINCIPAL ACCOUNTANT FEES AND SERVICES The following is a summary of the fees billed to Omni by its principal accountants during the fiscal years ended March 31, 2004, and March 31, 2003: Fee category 2004 2003 ------------ ---- ---- Audit fees $ $ Audit-related fees $ 0 $ 0 Tax fees $ 0 $ 0 All other fees $ 0 $ 0 Total fees $ $ Audit fees. Consists of fees for professional services rendered by our principal accountants for the audit of Omni's annual financial statements and the review of financial statements included in Omni's Forms 10-QSB or services that are normally provided by our principal accountants in connection with statutory and regulatory filings or engagements. Audit-related fees. Consists of fees for assurance and related services by our principal accountants that are reasonably related to the performance of the audit or review of Omni's financial statements and are not reported under "Audit fees." Tax fees. Consists of fees for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning. All other fees. Consists of fees for products and services provided by our principal accountants, other than the services reported under "Audit fees," "Audit-related fees" and "Tax fees" above. The fees disclosed in this category include due diligence, preparation of pro forma financial statements as a discussion piece for a Board member, and preparation of letters in connection with the filing of Current Reports on Form 8-K. SIGNATURES In accordance with the requirements of the Act, the Registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized. OMNI MEDICAL HOLDINGS, INC. Date: 07/15/04 By: /s/ Arthur D. Lyons --------- ---------------------------------- Arthur D. Lyons, President, Treasurer and Director Date: 07/15/04 By: /s/ John Globoker --------- ---------------------------------- John Globoker, Vice President, Secretary and Director oman", Times, serif; font-size: 10pt; margin-left: 5.35pt;">6.9%

More than 5% Beneficial Owners

Glacier Peak Capital LLC

1300 114th Ave. SE, Ste. 220

Bellevue, WA 98004

386,600(6) 7.7%

EJF Capital LLC

2107 Wilson Blvd.

Suite 410

Arlington, VA 22201

350,000[7] 7.0%

Opportunity Bank of Montana Employee Stock Ownership Plan

1400 Prospect Avenue

Helena, MT 59601

64,211 1.3%

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* Represents less than 1% of outstanding shares.

(1) Except as otherwise noted, all beneficial ownership by directors, nominees and executive officers is direct and each director, nominee or executive officer exercises sole voting and investment power over the shares.

(2) Unless otherwise indicated, the address for each director and officer of the Company is c/o Eagle Bancorp Montana, Inc., 1400 Prospect Avenue, Helena, MT 59601.

(3) Includes common stock held by each executive officer in the Bank's Non-Contributory Profit Sharing Plan.

(4) Includes 23,000 shares held by Rosmar, Inc. for which Mr. Maierle, as President of Rosmar, Inc., has shared voting and investment power.

(5) Includes common stock held in the Bank's ESOP.

(6) The information as to Glacier Peak Capital LLC is derived from a Schedule 13G/A filed with the SEC on February 15, 2018 by John C. Rudolf. Glacier Peak Capital LLC is the general partner of Glacier Peak U.S. Value Fund, L.P.

(7) The information as to EJF Capital LLC ("EJF Capital") is derived from a Schedule 13G filed with the SEC on October 20, 2017. The shares are held by EJF Sidecar Fund, Series LLC, of which EJF Capital is the managing member. Emanuel J. Friedman is the controlling member of EJF Capital. The percentage ownership for EJF Capital is calculated assuming continued beneficial ownership at December 31, 2017.

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PROPOSAL I - ELECTION OF DIRECTORS

Eagle's Bylaws provide that the Board of Directors be composed of not less than five or more than fifteen members, whose terms are divided into three approximately equal classes. The members of each class are elected for a term of three years. One class is elected annually.

Three directors will be elected at the Annual Meeting. James A. Maierle will retire from the Board of Directors effective on the date of the Annual Meeting. The Board of Directors has nominated current directors Thomas J. McCarvel and Shavon Cape for re-election and new director Kenneth M. Walsh, who was previously the CEO of Ruby Valley Bank. If elected, Messrs. McCarvel and Walsh and Ms. Cape will each serve as a director for a three year term expiring at the Annual Meeting to be held in 2021.

The Board's Nominating Committee determines nominees for election as directors. The Bylaws also allow stockholders to submit nominations in writing directly to the Corporate Secretary (see "Stockholder Proposals and Nominations"). No stockholder nominations have been received by Eagle as of the date of this Proxy Statement. There are no arrangements known to management between the persons named and any other person pursuant to which such nominees were selected.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE ABOVE NOMINEES FOR DIRECTOR UNDER THIS PROPOSAL I.

The persons named in the enclosed proxy intend to vote for the election of the named nominees, unless the proxy is marked by the stockholder to the contrary. If any nominee is unable to serve, all valid proxies will be voted for the election of such substitute as the Board of Directors may recommend. The Board of Directors knows of no reason why any nominee might be unable to serve.

The following table sets forth certain information as of December 31, 2017, with respect to each nominee, and each director continuing in office.

Name	Age	Director Since[1]	New or Current Term to Expire[2]

BOARD NOMINEES

Shavon Cape

Ms. Cape is co-founder of JWT Capital, LLC, a company formed in 2003 that develops and operates various real estate ventures and hotels in the Bozeman and Billings markets. Prior to that she was a Financial Advisor with D. A. Davidson and Wachovia Securities. Ms. Cape's experience with development projects and in the financial services industry brings valuable knowledge to the Company.	47	2015	2021

Thomas J. McCarvel

Mr. McCarvel served as a Vice President of Carroll College in Helena since December 1991 and retired in January 2017. From 1988 to 1991 he was the Chief Operating Officer of Anderson ZurMuehlen & Co., P.C., a public accounting firm in Helena, which served as the Company's independent auditor prior to fiscal year 2006. Mr. McCarvel brings management and marketing experience to the Board, as well as helping to provide vision and experience to the strategic planning and financial management aspects of the Company.	68	1998	2021

Kenneth M. Walsh

Mr. Walsh served as President and CEO of Ruby Valley from 1989 until it was acquired by the Company on January 31, 2018. He has served on various committees for the Independent Community Bankers of American and attended numerous agriculture banking conferences and seminars. His expertise in the lending specialty in addition to his experience running a community bank provides valuable knowledge to the Company. Mr. Walsh holds 274,510 shares of Eagle common stock including 67,270 shares jointly held with his spouse.	63	2018	2021

DIRECTORS CONTINUING IN OFFICE

Larry A. Dreyer

Mr. Dreyer is Chairman of the Board of Directors. He was previously the President and Chief Executive Officer of the Bank until his retirement in 2007. He joined the Bank in 1973. He is a member and past president of the Downtown Kiwanis Club and past chairman of both the St. Peter's Hospital Foundation and Diocese of Helena Finance Council. Mr. Dreyer's executive experience and past service as the Company's Chief Executive Officer brings to the Board a unique perspective on the Company's investors, customers, strategic direction and operational effectiveness. 72 1990 2020

Lynn E. Dickey

Mr. Dickey retired from Galusha, Higgins and Galusha P.C., a public accounting firm in Helena in 2005. He worked for Galusha for 36 years and was active in the state CPA society. He has served on the boards of numerous civic and charitable organizations. Mr. Dickey's experience as partner at a major Montana public accounting firm provides the Board with expertise in financial and enterprise risk management, operational controls and effectiveness and strategic planning. 71 2005 2020

Tanya Chemodurow

Ms. Chemodurow has been President of Abatement Contractors of Montana, LLC, headquartered in Missoula, since 2004. She oversees all aspects of environmental remediation and construction projects, specializing primarily in government contracting, asbestos, lead, mold remediation and general construction. Ms. Chemodurow's small business experience provides valuable insight as the Company expands its commercial lending capabilities. 53 2015 2020

Rick F. Hays

Mr. Hays retired from Qwest Communications in November 2006, where he served as Montana President for Qwest operations, a position he had held since 1996. He worked in the telecommunications industry for over 32 years. He has served on the boards of numerous civic, educational and charitable organizations. Mr. Hays' experience as a senior executive at a large public company brings leadership, vision and extensive business and operating experience to the Company. 65 2007 2019

Peter J. Johnson			
Mr. Johnson has served as President and CEO of Eagle since December 2009. He has also served as President of the Bank since July 2007 and CEO since November 2007. Prior to being named President, he had served as the Company's Executive Vice President and Chief Financial Officer. He joined the Bank in 1981. He currently serves on the Montana Independent Bankers Association ("MIB") board of directors and served as a member of the Federal Reserve Board's Community Depository Institution Advisory Council from 2010-2012. He currently is in the 2017 class of Leadership Montana. He is a past chairman of both the Helena Area Chamber of Commerce and the Diocese of Helena Finance Council. He is also a member of the Rotary Club of Helena and the Independent Community Bankers of America's Political Action Committee.	60	2007	2019
Mr. Johnson's role as Chief Executive Officer provides the Board with access to an experienced banking executive with a thorough understanding of the Company's business and of the banking industry. His previous experience as Chief Financial Officer also provides the board with expertise in financial management and strategic planning.			
Maureen J. Rude			
Ms. Rude became the Executive Director of the Montana Homeownership Network/NeighborWorks Montana in January 2016. She served as its Operations Director since March 2008, coordinating statewide homebuyer education, planning and down payment assistance programs. She previously was the Montana Director for Fannie Mae from 2000 to 2008 and the Executive Director of the Montana Board of Housing from 1995 to 2000. She was in the 2005 class of Leadership Montana. In February 2014, Ms. Rude was awarded a certificate of completion for the NeighborWorks Achieving Excellence in Community Development program from Harvard University's John F. Kennedy School of Government. She also is a Certified Public Accountant and a Certified Housing Development Professional. Ms. Rude brings a wealth of knowledge from her management and accounting experience, as well as being well known throughout the state's business communities. Her expertise in residential housing complements the Bank's primary line of business.	55	2010	2019

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(1) Includes prior service on Eagle's predecessor company.

(2) All terms expire on the date of the Annual Meeting.

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Board Independence

Eagle's Board of Directors has affirmatively determined that the following eight directors are "independent," as defined by the Marketplace Rules of The Nasdaq Stock Market LLC: Messrs. Dickey, Dreyer, Hays, and McCarvel and Ms. Cape, Chemodurow and Rude. Under the Marketplace Rules, a director can be independent only if the director does not trigger a categorical bar to independence and the board of directors affirmatively determines that the director does not have a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment by the director in carrying out the responsibilities of a director. In determining the independence of the directors, the board considered the relationships described under "Transactions with Certain Related Persons," which it determined were immaterial to the individual's independence.

Board Meetings and Committees

The business of the Bank's Board of Directors is conducted through regular monthly meetings, while Eagle's board has regular quarterly meetings. Additional meetings are scheduled as circumstances warrant. During the year ended December 31, 2017, the Board of Eagle met nine (9) times and the Board of the Bank met fifteen (15) times. All Directors who served as directors during the year ended December 31, 2017, attended at least 75% of the total Board and committee meetings to which they were assigned. The Board of Directors has three standing committees: Audit, Compensation and Nominating. The charter for each of our committees can be found at www.opportunitybank.com.

Membership in each of the committees, as of March 19, 2018, is shown in the following chart:

Audit	**Compensation**	**Nominating**
Lynn E. Dickey (Chairman)	Thomas J. McCarvel (Chairman)	James A. Maierle (Chairman)
Rick F. Hays	Larry A. Dreyer	Larry A. Dreyer
Maureen J. Rude	James A. Maierle	Rick F. Hays
	Tanya Chemodurow	

Audit Committee. Eagle has a standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").. The Audit Committee met ten (10) times during the year ended December 31, 2017. The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its responsibility for oversight of Eagle's accounting and the quality and integrity of Eagle's financial reporting process. Each member is "independent", in accordance with the Nasdaq Marketplace Rules and SEC regulations applicable to audit committee members. The Board of Directors has determined that Mr. Dickey meets the requirements of "audit committee financial expert", within the meaning of SEC regulations. A description of Mr.

Dickey's experience is provided above under "Proposal I – Election of Directors." The Board believes that the other members of the Audit Committee are qualified to serve based on their experience and background.

The Audit Committee has adopted a written charter which describes the Committee's principal duties and responsibilities including, but not limited to:

Direct responsibility for the appointment, compensation, retention, oversight and termination of the independent auditors;

Oversight and review of the annual financial reporting process and adequacy and integrity of Eagle's financial information (including corporate accounting, financial reporting practices, and the quality of the financial reports of Eagle);

Oversight and review of the legal and regulatory requirements of Eagle;

Oversight and review of the independent auditors qualifications and independence;

Oversight and review of the performance of Eagle's internal audit function and the independent accountants and other mandated Audit Committee duties;

Oversight and review of the system of internal controls and safeguards;

> Review with the independent auditor, the internal auditor and management the adequacy of Eagle's internal controls and any material weaknesses, any findings or recommendations from the independent auditor, all critical accounting policies and all other material matters relating to the audit procedures;

Review of related party transactions, legal and regulatory matters material to the financial statements and the compliance programs of Eagle;

Maintenance of an open avenue of communication between the Board of Directors, senior management, internal auditors, and Eagle's independent auditors and to permit auditors and internal auditors to meet with the Audit Committee without the presence of management; and

Oversight, review and approval of audit, audit-related, tax, and all other fees.

As required under the Sarbanes-Oxley Act of 2002, the Audit Committee has in place procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Compensation Committee. Each member of the committee is “independent” in accordance with the listing standards of Nasdaq applicable to compensation committee members. The Compensation Committee reviews all compensation components for our executive officers, including salary, bonus, and deferred compensation plans. In setting appropriate compensation for the executive officers, the Committee considers the performance of Eagle, the level of salary, bonus and stock options and other benefits provided to executive officers of comparable companies, and the level of compensation paid in recent years. As described in the Committee’s charter, the Compensation Committee may delegate authority to one or more members but any decisions made as a result of that delegation must be considered by the full Committee at its next scheduled meeting. In its oversight of compensation programs, prior to making recommendations to the full Board, the Committee reviews recommendations from the CEO. Decisions by the Compensation Committee are approved by the full Board of Directors. The Compensation Committee met twice during the year ended December 31, 2017. The Committee made the decision to consult with an outside compensation consultant, Gerrish McCreary Smith, PC, during 2015 to review executive compensation. The consultants were engaged by the Compensation Committee, with management assisting in the preparation of data requested by the consultants. Gerrish McCreary Smith, PC was selected due to its familiarity with the Company as it had facilitated a recent strategic planning retreat. The committee expects to engage outside consultants again in 2018. The consultants were asked to review and analyze comparisons of senior executive compensation and benefits for 2014 and 2015 utilizing four independent surveys. The consultants also considered criteria used by the FDIC in determining excessive compensation. The consultants provided recommendations and conclusions regarding the salary and benefit levels of senior management as well. In previous years the Compensation Committee has received reports from Gerrish McCreary Smith, PC as well as Equias Alliance regarding the Company’s salary continuation agreements. The Compensation Committee has assessed the independence of Gerrish McCreary Smith, PC, as required under Nasdaq listing rules. The Compensation Committee has also considered and assessed all relevant factors, including but not limited to those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Exchange Act, that could give rise to a potential conflict of interest with respect to any of the compensation consultants described above. Based on this review, we are not aware of any conflict of interest that has been raised by the work performed by Gerrish McCreary Smith, PC.

The Nominating Committee. Each member is "independent" in accordance with the listing standards of Nasdaq. The Nominating Committee met twice in the year ended December 31, 2017, and again in early fiscal 2017, and on February 22, 2018 nominated directors for election at the Annual Meeting. Only those nominations made by the Nominating Committee or properly presented by stockholders will be voted upon at the Annual Meeting. In its deliberations for selecting candidates for nominees as director, the Nominating Committee considers the candidate's knowledge of the banking business and involvement in community, business and civic affairs, and also considers whether the candidate would provide for adequate representation of Eagle's market area. Any nominee for director made by the Nominating Committee must be highly qualified with regard to some or all these attributes. In searching for qualified director candidates to fill vacancies on the Board, the Nominating Committee solicits its current Board of Directors for names of potentially qualified candidates. Additionally, the Nominating Committee may request that members of the Board pursue their own business contacts for the names of potentially qualified candidates. The Nominating Committee would then consider the potential pool of director candidates, select the candidate the Nominating Committee believes best meets the then-current needs of the Board, and conduct a thorough investigation of the proposed candidate's background to ensure there is no past history, potential conflict of interest or regulatory issue that would cause the candidate not to be qualified to serve as a director of Eagle. As a policy, the Nominating Committee will consider director candidates recommended by Eagle's stockholders. If a stockholder properly submits a proposed nominee, the Nominating Committee would consider the proposed nominee, along with other proposed nominees recommended by members of Eagle's Board of Directors, in the same manner in which the Nominating Committee would evaluate its nominees for director. Additionally, the Nominating Committee annually reviews the Board's size, structure, composition and functioning, to ensure an appropriate blend and balance of diverse skills and experience. Diversity may encompass a candidate's gender, race, national origin, educational and professional experiences, expertise and specialized or unique technical backgrounds and/or other tangible or intangible aspects of the candidate's qualifications in relation to the qualifications of the then current board members and other potential candidates. The Nominating Committee does not have a formal policy specifying how diversity should be applied in identifying or evaluating director candidates, and diversity is but one of many factors the Nominating Committee may consider. For a description of the proper procedure for stockholder nominations, see "Stockholder Proposals and Nominations" in this Proxy Statement.

Board Policies Regarding Communications with the Board of Directors and Attendance at Annual Meetings

The Board of Directors maintains a process for stockholders to communicate with the Board. Stockholders wishing to communicate with the Board of Directors should send any communications to Chantelle Nash, Secretary, Eagle Bancorp Montana, Inc., P.O. Box 4999, Helena, Montana 59604. Any communication must state the number of shares beneficially owned by the stockholder making the communication. The Secretary will forward such communication to the full Board of Directors or to any individual director or directors to whom the communication is directed unless the communication is unduly hostile, threatening, illegal or similarly inappropriate, in which case the Secretary has authority to discard the communication or take appropriate legal action. Eagle does not have a policy regarding Board member attendance at annual meetings of stockholders but expects all Board members to attend such meetings. Last year, all nine members of the Board attended the annual meeting.

Structure of the Board of Directors

The Board of Directors oversees, directs and counsels executive management in conducting the business in the long-term interests of the Company and the stockholders. The Board's responsibilities include:

- Reviewing and approving the Company's financial and strategic objectives, operating plans and significant actions, including acquisitions;
- Overseeing the conduct of the business and compliance with applicable laws and ethical standards;
- Overseeing the processes which maintain the integrity of our financial statements and public disclosures;
- Selecting, evaluating and determining the compensation of senior management, including the Chief Executive Officer; and
- Developing succession plans for the position of Chief Executive Officer, in addition to oversight of similar planning for senior management.

The leadership structure of the Board of Directors is provided through a Chairman and a Vice Chairman. Eagle's current practice is to not combine the Chief Executive Officer and Chairman roles. The Chairman, currently Larry Dreyer, a former Chief Executive Officer of Eagle's predecessor, presides over meetings of the Board, prepares meeting agendas in consultation with senior management and the Vice Chairman, currently James A. Maierle (who will be replaced by Rick F. Hays upon Mr. Maierle's retirement from the Board), evaluates Director candidates, manages the Board's process for self-assessment and evaluation of the Chief Executive Officer, and presides over all meetings of the stockholders. The Vice Chairman also presides over Board meetings at which the Chairman is not present, and presides over executive sessions of the independent directors, and briefs, as appropriate, the full board about the results of such executive sessions.

The Board's Role in Risk Oversight

Management is responsible for identifying, evaluating, managing and mitigating the Company's exposure to risk. It is the Board's responsibility to oversee the Company's risk management process and to ensure that management is taking appropriate action to identify, manage and mitigate key risks. The Board executes its oversight responsibility for risk management directly and through its Committees, as follows:

The Audit Committee has primary responsibility for discussing polices with management and our independent auditor, as appropriate, with respect to risk oversight including Eagle's major business and financial risk exposures, including cybersecurity risks, and providing the Board with advice and recommendations regarding the ongoing development of risk oversight and management policies that set out the roles and respective accountabilities of the Board, the Committee, management and the internal audit function. The policies cover the areas of risk oversight, compliance and control, risks arising from related person transactions, and assessment of effectiveness. The Audit Committee's meeting agenda includes discussions of individual risk areas throughout the year. For additional information, see "Proposal I – Election of Directors – Board Meetings and Committees."

The Board's other committees, which are the Nominating Committee and the Compensation Committee, oversee risks associated with their respective areas of responsibility. For example, the Nominating Committee considers risks associated with corporate succession plans, and the Compensation Committee reviews risks associated with our compensation policies and practices relating to our executive officers.

The Board also considers risks relating to our strategic plan, in part by receiving regular reports from the heads of our principal business and corporate functions that include discussions of the risks and exposures involved in their respective areas of responsibility. These reports are provided in connection with regular Board meetings and are discussed, as necessary, at Board meetings.

Code of Ethics

In 1992 the Board of Directors of the Bank first adopted a Code of Ethics and Conflict of Interest Policy. It is reviewed and modified as necessary. The most recent review and approval was on August 18, 2016. The Code of Ethics and Conflict of Interest Policy is applicable to each of Eagle's directors, officers and employees, including the principal executive officer, principal financial officer and principal accounting officer, and requires individuals to maintain the highest standards of professional conduct and to provide an annual attestation. A copy of the Code of Ethics and Conflict of Interest Policy is available on Eagle's website at www.opportunitybank.com. Persons may also receive a copy of the Code of Ethics and Conflict of Interest Policy free of charge by requesting it in writing from Peter J. Johnson at Eagle Bancorp Montana, Inc., P.O. Box 4999, Helena, Montana 59604, or by calling him at (406) 442-3080.

Directors' Compensation

During the year ended December 31, 2017, each director, except for the Chairman of the Board, Chairman of the Audit Committee and the President and CEO, was paid an annual fee of $15,000. The Chairman of the Board received an annual fee of $25,000 and the Chairman of the Audit Committee received an annual fee of $20,000. Also, each non-employee director, other than the Chairman of the Board, was paid $200 for each committee meeting attended. No fees are paid for director attendance at Board meetings. The total fees paid to the directors of Eagle for the year ended December 31, 2017, were $157,400. Eagle has no other director compensation plans or director deferred compensation plans other than the Stock Incentive Plan approved at the annual meeting in 2011 and amended in 2015 and 2017. While the Board has the flexibility to determine at the time of each grant the vesting provisions for that grant, these restricted stock awards typically vest over five years following the date of grant. Each director of Eagle also serves as a director of Opportunity Bank. Directors do not receive additional compensation for their service on the board of Opportunity Bank. The compensation of Mr. Johnson, President and CEO, is reported under "Executive Compensation" below and accordingly is not included in the following table below. We reimburse our directors for reasonable expenses incurred in connection with attending Board and Board committee meetings.

2017 Director Compensation Table

Name	**Fees Earned or Paid in Cash ($)**	**Stock Awards ($)[(1)]**	**Total ($)**
Larry A. Dreyer	25,000	--	25,000
James A. Maierle	16,800	--	16,800
Thomas J. McCarvel	18,400	--	18,400
Lynn E. Dickey	23,800	--	23,800
Maureen J. Rude	17,200	--	17,200
Rick F. Hays	19,000	--	19,000
Shavon Cape	18,200	--	18,200
Tanya Chemodurow	19,000	--	19,000

(1) As of December 31, 2017, the aggregate number of unvested restricted stock shares outstanding for each director was as follows:

Name	Number of Restricted Stock Shares
Larry A. Dreyer	--
James A. Maierle	--
Thomas J. McCarvel	--
Lynn E. Dickey	--
Maureen J. Rude	--
Rick F. Hays	--
Shavon Cape	2,940
Tanya Chemodurow	2,940

Executive Officers

The following is a list of the names and ages of our executive officers not otherwise listed among the directors of the Company, all positions and offices held by each person and each person’s principal occupations or employment during the past five years. There are no family relationships between any executive officers and directors.

Name	Age	Position
Laura F. Clark	61	Senior Vice President/Chief Financial Officer
Rachel R. Amdahl	49	Senior Vice President/Chief Operations Officer.
Tracy A. Zepeda	38	Senior Vice President/Chief Retail Officer
Mark A. O’Neill	46	Senior Vice President/Chief Lending Officer
Dale Field	46	Senior Vice President/Chief Credit Officer
P. Darryl Rensmon	56	Senior Vice President/Chief Information Officer
Chantelle Nash	47	Senior Vice President/Chief Risk Officer

Laura F. Clark has served as the Chief Financial Officer of the Bank and Eagle since March 2014. Prior to being named the Chief Financial Officer, she had served as the Senior Vice President and Chief Financial Officer of the Bank of Bozeman since 2005. Her experience spans over 30 years and includes a variety of executive positions with First National Bancorp, Bankers Resource Center, Security Bank, Bank of Montana System and Montana Bancsystem. Ms. Clark holds a Bachelor of Arts degree in Business Administration from Montana State University in Billings, Montana. She currently serves as a board member of ExplorationWorks, a local Science Center that provides programs for early childhood education, STEM (science, technology, engineering and math) and healthy living.

Rachel R. Amdahl has served as Senior Vice President/Operations of the Bank since February 2006. Prior to being named the Senior Vice President/Operations, she served as Vice President/Operations since 2000. She joined the Bank in 1987. She is a past board member of the Lewis and Clark County United Way and the Women’s Leadership Network in Helena.

Tracy A. Zepeda joined the Bank in December 2012 at the time of the acquisition of seven branches from Sterling Financial Corporation. She had served as Vice President/Territory Manager of Sterling Financial Corporation since January 1, 2011. Prior to that position Ms. Zepeda served as Assistant Vice President/Community Manager of Sterling Financial Corporation since July 2007. She has a total of sixteen years of banking experience. She sits on the Missoula board of directors of Big Brothers Big Sisters.

Mark A. O'Neill joined the Bank in February 2016 as the Butte Market President. He was formerly with First Citizens Bank in Butte, Montana and Wells Fargo and served in various lending and management roles. He was promoted to Chief Lending Officer in October 2017. Mr. O'Neill was previously a board member of Silver Bow Kiwanis and the Butte Local Development Corporation. He graduated from the University of Montana with a Bachelor's Degree in Economics.

Dale Field joined the bank in 2001 as VP/Commercial Lender and was promoted to VP/Chief Credit Administration Officer in 2011. He was promoted to Senior VP/Chief Credit Officer in July 2014. He serves on the Helena Exchange Club board of directors and is a school board trustee in Clancy, Montana.

Chantelle Nash joined the bank in 2006 as Compliance Manager and has served as VP/Compliance Officer since 2010. She was promoted to Senior VP/Chief Risk Officer in July 2014. She holds a Juris Doctor from the University of Idaho, and previously served on the board of the Helena YWCA.

P. Darryl Rensmon joined the bank in September 2016 as Vice President/Chief Information Officer and was promoted to Senior Vice President in October 2017. He is responsible for all facets of information systems and technology for the Company. He was formerly the Chief Information Officer for Morrison-Maierle, Inc. from 2004 to 2016 and also was the President of Morrison-Maierle Systems Corp. from 2005 to 2016, which provided customized IT services and consulting to companies across Montana. He holds a Bachelor of Science degree in Information Systems Management from Montana State University-Billings.

Executive Compensation

Summary Compensation Table. The following table provides information concerning compensation paid to or earned by our Chief Executive Officer, and the two other most highly compensated executive officers of Eagle for the year ended December 31, 2017 whose total compensation exceeded $100,000 (the "named executive officers").

2017 Summary Compensation Table

Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Stock Awards ($)[4]**	**All Other Compensation ($)**		**Total ($)**
Peter J. Johnson	2017	262,000	60,000	--	96,012	(1)	418,012
President & CEO	2016	252,000	32,130	--	83,741		367,871
Laura F. Clark	2017	157,000	30,000	--	41,376	(2)	228,376
Senior Vice President/ Chief Financial Officer	2016	150,000	15,938	--	39,302		205,240

P. Darryl Rensmon Senior Vice President/ Chief Information Officer	2017	142,000	15,975	195,426	11,421	(3)	364,822

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(1) For the year ended December 31, 2017, Other Compensation for Mr. Johnson consisted of employer contribution to profit sharing plan of $13,447, $5,400 for employer 401(k) payments, $64,225 for employer deferred compensation payments, $4,637 for ESOP stock, and $8,303 for various medical and life insurance payments.

(2) For the year ended December 31, 2017, Other Compensation for Ms. Clark consisted of employer contribution to profit sharing plan of $8,213, $3,793 for employer 401(k) payments, $4,637 for ESOP stock, $18,043 for employer deferred compensation payments and $6,690 for various medical and life insurance payments.

(3) For the year ended December 31, 2017, Other Compensation for Mr. Rensmon consisted of employer contribution to profit sharing of $1,690, $1,037 for employer 401(k) payments, $2,004 for ESOP stock, and $6,690 for various medical and life insurance payments.

(4) The values in this column represent the aggregate grant date fair value of restricted stock awards computed in accordance with FASB ASC Topic 718. We do not include any impact of expected forfeitures related to service-based vesting in these calculations. Each of these amounts reflects our expected aggregate accounting expense for these awards as of the grant date and do not necessarily correspond to the actual values that will be expensed by us or realized by the named executive officers.

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Employment Agreements. The Bank entered into an Employment Agreement, effective April 27, 2015, with Peter J. Johnson, its President and Chief Executive Officer. The Employment Agreement will continue in effect until April 27, 2018. Upon the anniversary date and with the approval of the Board, it will be extended for one additional year. The Employment Agreement provides for an annual base salary of $246,000 per year, which may be increased from time to time (but not reduced – currently $262,000). Under the Employment Agreement, Mr. Johnson generally will be entitled to participate in all employee benefit plans including, but not limited to, retirement plans, profit-sharing plans, health-and-accident plans, medical coverage or any other employee benefit plan or arrangement made available by the Bank in the future to its senior executives and key management employees.

The Employment Agreement provides that if Mr. Johnson’s employment is terminated by the Bank for any reason other than for cause, or Mr. Johnson terminates his employment due to either (i) a diminishing of his duties and responsibilities, (ii) a relocation of his place of employment by more than 50 miles, (iii) the liquidation or dissolution of the Bank, or (iv) any breach of the Agreement by the Bank, he will be entitled to receive certain payments from the Bank. These payments will be a sum equal to the payments due to Mr. Johnson for the remaining term of the Employment Agreement, including base salary, bonuses, and any other cash or deferred compensation paid or to be paid (including the value of employer contributions that would have been made on his behalf over the remaining term of the agreement to any tax-qualified retirement plan), subject to certain restrictions.

The Employment Agreement contains provisions requiring non-disclosure of confidential information regarding the business and activities of the Bank and contains provisions restricting Mr. Johnson’s ability to compete with the Bank for a one-year period after termination of his employment due to any Event of Termination.

Non-Contributory Profit Sharing Plan. Neither Eagle nor the Bank has a pension plan for employees. Instead, the Bank has established a non-contributory profit sharing plan for eligible employees who have completed one year of service with Opportunity Bank. The non-contributory plan enables Opportunity Bank to contribute up to 15% of qualified salaries each year. Last calendar year 4% was contributed. The percentage amount of the contribution is determined by the board of directors each year and is based primarily on profitability for the past year. For the year ended December 31, 2017, the Board authorized profit sharing contributions to Mr. Johnson of $13,447, to Ms. Clark of $8,213 and to Mr. Rensmon of $1,690 and total contribution expense was $564,734 for the year ended December 31, 2017.

The Non-Contributory Profit Sharing Plan also allows employees to make contributions to a tax-qualified defined contribution savings plan or an employee owned 401(k) plan. Employees can contribute a portion of their salaries, (up to a maximum of $18,000 for 2017), to a 401(k) plan. Eagle’s Board has the authority to match up to a maximum of 50% of an employee’s contribution provided that the matching amount does not exceed 2.0% of such employee compensation. For the year ended December 31, 2017, the Bank contributed $5,400, $1,037 and $3,793 to each of Messrs. Johnson’s and Rensmon’s and Ms. Clark’s 401(k) programs, respectively, and $206,163 in total expense to the 401(k) program for the year ended December 31, 2017.

Salary Continuation Agreement. Another benefit offered by the Bank is a program to increase overall retirement benefits for employees to levels which more closely approximate those in comparable businesses. The Bank consulted with independent compensation consultants and developed a plan to supplement retirement benefits. The plan Opportunity Bank adopted covers six of its senior officers, including Messrs. Johnson and Ms. Clark, and four senior vice presidents. Benefit levels were reviewed by the compensation committee in 2011 and approved by the board and adjusted in fiscal year 2012. New entrants have their plans reviewed by the compensation committee and approved by the full board of directors. This non-qualified retirement plan is designated the Opportunity Bank of Montana Salary Continuation Agreement (the “Salary Continuation Agreement”). Under the Salary Continuation Agreement, each officer receives a fixed retirement benefit based on his or her years of service with Opportunity Bank. The Bank maintains insurance policies whose proceeds will reimburse the Bank for the payment of benefits under this plan. It also provides for partial payments in the event of early retirement, death or disability. In Mr. Johnson’s case, if he retires at age 65, the Salary Continuation Agreement provides for a lump sum payment of $623,000, or an annual payment for life of $69,500. In Ms. Clark’s case, if she retires at age 65, the Salary Continuation Agreement provides for an annual payment for life of $9,500. Opportunity Bank has purchased life insurance contracts for each covered executive to fund the payments. Opportunity Bank of Montana recognizes expenses to maintain the plan. For the year ended December 31, 2017, the total expenses were $271,836.

Split-Dollar Benefit Plan. The Bank has entered into agreements with four insurance companies for the purpose of establishing a split-dollar benefit plan. The Bank purchased life insurance policies on 23 officers of the Bank, including nine of the Bank's executive officers. The plan provides for the officers to receive life insurance benefits ranging from $50,000 to $75,000, provided they meet the eligibility requirements of the plan. The remainder of the life insurance benefits accrues to the Bank.

Bonus Plan. The Bank also maintains a discretionary cash bonus program ("Bonus Program") for all eligible employees. The Bonus Program is based on the after-tax net profitability of Opportunity Bank and is linked specifically to the Bank's return on assets. In the case of non-officer employees, bonus amounts are based on salary levels. Under the Bonus Program, the Bank's return on assets for the period from January through October is used to determine the bonus levels of Bank officers. Officers' bonuses are directly linked to Opportunity Bank's return on assets. For example, if Opportunity Bank produces a return on assets of 0.90%, then each officer would receive a cash bonus of 9% of annual base salary. Executive officers' bonuses are generally based on a formula of 1.25 times the Bank's return on assets (using the above example of a return on assets of 0.90%, executive officer bonuses would be 11.25% of annual salary, or 1.25 times 9). The President and Chief Executive Officer's bonus is generally based on a formula of 1.5 times the Bank's return on assets. The Board of Directors has discretion in providing bonuses in amounts that differ from the formula. During the year ended December 31, 2017, Opportunity Bank paid total bonuses of $425,788. For that period, Mr. Johnson's bonus was $60,000, Ms. Clark's bonus was $30,000 and Mr. Rensmon's was $15,975.

Employee Stock Ownership Plan. In connection with its reorganization to the mutual holding company form of organization, the Bank established the ESOP for employees age 21 or older who have at least one year of credited service with the Bank. Additional shares were purchased in the second step stock offering completed April 5, 2010.

As of December 31, 2017, the ESOP held 64,211 shares of common stock that have not been allocated to Plan participants. These shares represent shares purchased by the ESOP in the second step stock offering. Shares of common stock purchased by the ESOP were funded by funds borrowed from Eagle. Shares purchased in the second step offering by the ESOP will be allocated to participants' accounts over 12 years. As of December 31, 2017, the Plan maintains 218,223 shares that have been allocated to Plan participants. A total of 282,434 shares are held in the Plan.

The ESOP is administered by the ESOP Committee of the Bank. The ESOP trustee must vote all allocated shares held by the ESOP in accordance with the instructions of participating employees. Unallocated shares will be voted by the ESOP trustee.

GAAP requires that any third party borrowing by the ESOP be reflected as a liability on Eagle's statement of financial condition. Since the ESOP borrowed from Eagle, such obligation is eliminated in consolidation. However, the cost of unallocated shares is treated as a reduction of stockholders' equity.

Contributions to the ESOP and shares released from the suspense account are allocated among ESOP participants on the basis of participants' compensation as it relates to total participant compensation. Employees are fully vested upon completion of six years of service. Benefits may be payable upon retirement, early retirement, disability, death or separation from service.

The ESOP is subject to the requirements of ERISA and regulations of the IRS and the United States Department of Labor.

2011 Stock Incentive Plan. The 2011 Stock Incentive Plan, or Plan, was approved by the stockholders on October 20, 2011. The Plan was amended when approved by the stockholders on April 23, 2015 and April 20, 2017. Under the Plan, awards of Eagle's common stock may be made to eligible directors, officers and employees. The maximum number of shares available to be awarded is 464,998. Awards available under the Plan include stock options (which includes non-qualified stock options and incentive stock options) and restricted stock. Any shares delivered pursuant to an award may consist, in whole or in part, of authorized but unissued shares or of treasury shares. No stock options have been awarded to date under the Plan. Further, no more than 246,427 shares may be available for awards granted in the form of options. If any shares covered by an award granted under the Plan, or to which such an award relates, are forfeited, or if an award otherwise terminates without the delivery of shares or of other consideration, then the shares covered by such award, or to which such award relates, or the number of shares otherwise counted against the aggregate number of shares available under the Plan with respect to such award, to the extent of any such forfeiture or termination, will again be available for granting awards under the Plan.

The purposes of the Plan are to encourage directors, officers and employees of Eagle to acquire a proprietary interest in the growth and performance of the Company, to create an increased incentive to contribute to the Company's future success and performance, thus enhancing the value of the Company for the benefit of its stockholders, and to enhance the ability of the Company and its affiliates to attract and retain highly qualified individuals upon whom, in large measure, the sustained progress, growth and profitability of the Company depends.

Outstanding Equity Awards at December 31, 2017

Name	Stock Awards Number of Shares or Units of Stock That Have Not Vested[(1)]	Market Value of Shares or Units of Stock That Have Not Vested[(2)]
Peter J. Johnson	--	--
P. Darryl Rensmon	10,620	$222,489
Laura F. Clark	6,480	$135,756

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(1) Restricted stock vests over a five-year period.
(2) Based on the December 31, 2017, closing share price of $20.95 per share.

Equity Compensation Plan Information

The following table provides information as of December 31, 2017, about our common stock that may be issued upon the exercise of options, warrants, and rights and information regarding the number of securities available for future issuance under our current equity compensation plans, under which there are no outstanding options, warrants or rights.

Number of

Securities

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in First Column)
Equity Compensation Plans Approved by Security Holders	--	N/A	246,427
Equity Compensation Plans Not Approved by Security Holders	--	N/A	--
Total	--	N/A	246,427

Change of Control Agreements

Opportunity Bank entered into change of control agreements with Rachel R. Amdahl, Tracy A. Zepeda, Laura F. Clark, Chantelle Nash, and Dale Field as of October 28, 2015 and with Mark A. O'Neill and P. Darryl Rensmon as of December 21, 2017. The change of control agreements do not provide benefit payments if termination is for cause. The change of control agreements do, however, provide payments on a double trigger basis to each officer following both (x) a change of control of the Bank and (y) either (a) an involuntary termination of the officer by the Bank or its successor, or (b) a voluntary termination of the officer's employment without the officer's consent, due to (i) a material change of his or her functions, duties or responsibilities, (ii) a reduction in the officer's annual compensation, or (iii) a relocation of his or her place of employment by more than 50 miles without the officer's consent. If one of these events occurs within four (4) months following a change of control of the Bank, the officer, or his or her beneficiary in the event of his or her death, would be paid a sum equal to his or her base pay plus bonus for the most recently completed fiscal year. The officer would also receive under the agreement benefit payments (less co-payment amounts) for life, medical, dental and disability coverage substantially identical to coverage maintained by the Bank for the 12-month period following termination or until other coverage is obtained.

The change of control agreements have an initial two-year term and thereafter are required to be reviewed each year on the anniversary date of the agreement and may be extended at that time for an additional year. For purposes of both the employment agreement of Mr. Johnson and the change of control agreements of the officers, a change of control of the Bank means (i) a merger or consolidation where the Bank is not the consolidated or surviving bank, (ii) a transfer of all or substantially all of the assets of the Bank, (iii) voluntary or involuntary dissolution of the Bank; and (iv) a change of control as defined in the Change in Bank Control Act of 1978. A change of control would not take place for an internal reorganization such as a holding company formation or charter change. Assuming these agreements were in effect and all of the above named officers had been terminated in connection with a change of control as of December 31, 2017, the officers would receive aggregate severance payments of approximately $1,120,330 based upon their current level of salary and bonus, plus 12 months of benefits coverage.

PROPOSAL II - RATIFICATION OF APPOINTMENT

OF INDEPENDENT AUDITORS

On December 4, 2017, the firm of Davis Kinard & Co., P.C. ("Davis Kinard"), Certified Public Accountants, who had been ratified as independent auditors for Eagle for the year ended December 31, 2017, resigned as the Company's independent registered public accounting firm. Davis Kinard's operations were acquired by Eide Bailly LLP ("Eide Bailly"), and certain of the professional staff and partners of Davis Kindard joined Eide Bailly either as employees or partners of Eide Bailly and will continue to practice as members of Eide Bailly. Concurrent with the resignation of

Davis Kinard, the Company, through and with the approval of its Audit Committee, engaged Eide Bailly as its independent registered public accounting firm.

The reports of Davis Kinard regarding Eagle's financial statements for the fiscal years ended December 31, 2016 and 2015 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the years ended December 31, 2016 and 2015, and during the period from December 31, 2016 through December 4, 2017, the date of resignation, there were no disagreements with Davis Kinard on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures, which disagreements, if not resolved to the satisfaction of Davis Kinard, would have caused it to make reference to such disagreement in its reports.

Prior to engaging Eide Bailly, Eagle did not consult with Eide Bailly regarding the application of accounting principles to a specific completed or contemplated transaction or regarding the type of audit opinions that might be rendered by Eide Bailly on Eagle's financial statements, and Eide Bailly did not provide any written or oral advice that was an important factor considered by Eagle in reaching a decision as to any such accounting, auditing or financial reporting issue.

The Board has determined to appoint Eide Bailly to act as independent auditors for the fiscal year ending December 31, 2018. Neither Eagle's Bylaws nor other governing documents or law require stockholder ratification of the appointment of Eide Bailly as Eagle's independent auditors. However, Eagle is submitting the appointment of Eide Bailly to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain that firm. Even if the appointment is ratified, the Audit Committee in its discretion may direct the appointment of different independent auditors at any time if they determine that such a change would be in the best interest of Eagle and its stockholders.

A representative of Eide Bailly will be present at the Annual Meeting, and will be given an opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions.

Audit Fees, Audit-Related Fees, Tax Fees, All Other Fees and Auditor Independence

For the year ended December 31, 2017, Eagle incurred expenses related to services provided by its independent auditors Eide Bailly LLP ("Eide Bailly"), of $80,500 and to Davis Kinard PC ("Davis Kinard") of $22,500 for audit fees. These amounts relate to the annual audit of our consolidated financial statements included in our Annual Reports on Form 10-K, quarterly reviews of interim financial statements included in our Quarterly Reports on Form 10-Q, services normally provided by the independent registered public accounting firm in connection with statutory or regulatory filings or engagements for the indicated fiscal year, statutory audits of certain of our subsidiaries, and services related to filings under the Securities Act of 1933 and the Securities Exchange Act of 1934. Eagle incurred audit related expenses to Eide Bailly related to the TwinCo Inc. acquisition in the amount of $32,500 and to Davis Kinard of $76,125. Fees for services provided by Davis Kinard related to the October 2017 stock offering were $24,968. For the year ended December 31, 2016 Eagle accrued $102,250 for audit fees. Tax fees accrued for services provided by Eide Bailly were $12,000 in the year ended December 31, 2017 and tax fees accrued for services provided by Davis Kinard were $3,375 and $11,000 in the years ended December 31, 2017 and 2016, respectively. The Audit Committee has concluded that the providing of non-audit services did not adversely impact the independence of Eide Bailly or Davis Kinard. The Audit Committee is not authorized to approve any non-audit service engagement where the provision of such service by the independent accountants is prohibited by applicable law, the regulations of the SEC or the Nasdaq Marketplace Rules. Pre-approval is not required if (a) the aggregate amount of all such non-audit services provided to Eagle constitutes not more than five percent of the total amount of revenues paid by Eagle to its independent auditors during the fiscal year in which the non-audit services are provided; (b) such services were not recognized by Eagle at the time of the engagement to be non-audit services; and (c) the non-audit services are promptly brought to the attention of the Audit Committee and approved by them, or by one or more of the members of the Committee to whom authority to grant such approval has been delegated, prior to completion of the audit. For the years ended December 31, 2017 and December 31, 2016, the Audit Committee of Eagle has pre-approved all fees paid to Eide Bailly and Davis Kinard.

Report of the Audit Committee

The following is the report of the Audit Committee with respect to the Company's audited consolidated financial statements for the year ended December 31, 2017. The information contained in this report is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation of this proxy statement by reference.

The primary role of the Audit Committee, as more fully described in its charter, is to assist the Board of Directors in its oversight of our corporate accounting and financial reporting process and to interact directly with and evaluate the performance of our independent auditors. Management is responsible for the preparation, presentation and integrity of our consolidated financial statements, accounting and financial reporting principles, internal controls and procedures designed to assure compliance with accounting standards, applicable laws and regulations. Our independent registered public accounting firm, Eide Bailly, is responsible for performing an independent audit of the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board, or PCAOB. In the performance of its oversight function, the Audit Committee has taken the following actions:

Reviewed and discussed Eagle's audited financial statements for the 2017 fiscal year with the management of Eagle.

Discussed with Eagle's independent auditors the matters required to be discussed by Auditing Standard No. 16, as adopted by the Public Company Accounting Oversight Board relating to communications with audit committees.

Received written disclosures and the letter from its independent auditors required by applicable requirements of the PCAOB regarding the independent auditor's communications with the audit committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Based upon these reviews and discussions, the Audit Committee has recommended to the Board of Directors that the audited financial statements be included in Eagle's Annual Report on Form 10-K for the year ended December 31, 2018, to be filed with the SEC.

Members of the Audit Committee:

Lynn E. Dickey, Chairman

Maureen J. Rude

Rick F. Hays

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF EIDE BAILLY LLP AS EAGLE'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018 UNDER THIS PROPOSAL II.

Proposal III – Advisory Vote on Named Executive Officer Compensation

Our Board of Directors proposes that stockholders provide advisory (non-binding) approval of the compensation of our named executive officers, as disclosed in this proxy statement in accordance with the SEC's rules (commonly known as "say-on-pay" proposal). We recognize the interest our stockholders have in the compensation of our executives, and we are providing this advisory proposal in recognition of that interest and as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 also known as "the Dodd-Frank Act."

Our named executive officer compensation program is designed to attract, motivate, and retain our named executive officers, while ensuring alignment of their interests with stockholders' interests. Our named executive officers are critical to our success, and our compensation program is designed to reward them for their service to the Company, the achievement of specific performance goals, and the realization of increased stockholder value. The Compensation Committee reviews the compensation programs for our named executive officers, at least annually, to ensure the fulfillment of our compensation philosophy and goals. The Compensation Committee and the Board believe that its policies and procedures are effective in achieving our goals and that the compensation of our named executive officers reported in this proxy statement has supported and contributed to the Company's recent and long-term success. At our 2017 Annual Meeting of Stockholders, approximately 90.5% of the votes cast by our stockholders approved the compensation in the 2017 proxy statement of our named executive officers.

Please read the summary compensation table and other related compensation tables and narratives, beginning on page 15, which provide detailed information on the compensation of our executive officers.

We are asking our stockholders to indicate their support for our named executive officer compensation as described in this proxy statement. Accordingly, we will ask our stockholders to vote "FOR" the following resolution at our Annual Meeting:

"RESOLVED, that the compensation paid to the named executive officers, as disclosed in the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Summary Compensation Table and the other related compensation tables and narrative disclosure, is hereby APPROVED."

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board. However, we value the opinion of our stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

The Board unanimously recommends a vote FOR the approval of the advisory resolution on the compensation of our named executive officers.

Transactions with Certain Related Persons

The Bank has followed the policy of offering residential mortgage loans for the financing of personal residences and consumer loans to its officers, directors and employees. Loans are made in the ordinary course of business. Except for consumer loans to officers and employees, but not directors, with an interest rate one percent below the Bank prevailing rate, these loans are also made on substantially the same terms and conditions, including interest rate and collateral, as those of comparable transactions prevailing at the time with persons not related to the Bank. These loans do not include more than the normal risk of collectability or present other unfavorable features. As of December 31, 2017, the aggregate principal balance of loans outstanding to all directors, executive officers and immediate family members of such individuals, and companies in which they are principals was approximately $1,485,000. No executive officer has had a consumer loan outstanding in excess of $120,000 since July 1, 2008 and none are currently contemplated.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act requires Eagle's directors and executive officers, and persons who own more than ten percent of a registered class of Eagle's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of Eagle. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish Eagle with copies of all Section 16(a) forms they file.

To the knowledge of the Company and based upon a review of Forms 3 and 4 and amendments thereto furnished to Eagle pursuant to Rule 16a-3(e) during the year ended December 31, 2017, no person who is a director, officer or beneficial owner of 10% of the common stock failed to file on a timely basis, the reports required by Section 16(a) of the Securities Exchange Act. However, a Form 4 was filed late by Ms. Zepeda on February 13, 2018 for one transaction and Mr. Field on February 22, 2018 for one transaction.

OTHER BUSINESS

As of the date of this Proxy Statement, the Board of Directors of Eagle knows of no other matters than those described herein to be brought before the Annual Meeting other than procedural matters incident to the conduct of the Annual Meeting. If further business is properly presented, the proxy holders will vote proxies, as determined by a majority of the Board of Directors.

HOUSEHOLDING

Company stockholders who share an address may receive only one copy of this proxy statement and the Annual Report from their bank, broker or other nominee, unless contrary instructions are received. We will deliver promptly a separate copy of this proxy statement and Annual Report to any stockholder who resides at a shared address and to which a single copy of the documents was delivered, if the stockholder makes a request by contacting our Corporate Secretary at P.O. Box 4999, Helena, Montana 59604, or by telephone at (406) 442-3080. If you wish to receive separate copies of this proxy statement and the Annual Report in the future, or if you are receiving multiple copies and would like to receive a single copy for your household, you should contact your broker, bank or other nominee.

STOCKHOLDER PROPOSALS AND NOMINATIONS

Any stockholder proposal intended for inclusion in Eagle's Proxy Statement and form of proxy related to Eagle's April 2019 Annual Meeting of stockholders must be received by Eagle by November 19, 2018, pursuant to the proxy solicitation regulations of the Securities and Exchange Commission. Nothing in this paragraph shall be deemed to require Eagle to include in its Proxy Statement and form of proxy any stockholder proposal which does not meet the requirements of the Securities and Exchange Commission in effect at that time.

Eagle's bylaws provide that in order for a stockholder to make nominations for the election of directors, a stockholder must deliver notice in writing of such nominations to the Secretary (1) not later than 60 days in advance of the first anniversary of the previous year's annual meeting if such meeting is to be held on a day which is within 30 days of the anniversary of the previous year's annual meeting; and (2) with respect to any other annual meeting of stockholders, not later than the close of business on the seventh day following the date of public announcement of such meeting. If the stockholder does not also comply with the requirements of Rule 14a-4(c) under the Exchange Act, Eagle may exercise discretionary voting authority under proxies it solicits to vote in accordance with its best judgment on any such stockholder proposal. The notice of nominations for election of directors must set forth certain information regarding each nominee for election as a director, including such person's written consent to being named as a nominee and to serving as a director, if elected, and certain information regarding the stockholder giving such notice.

If a determination is made that an additional candidate is needed for the board, the Nominating Committee will consider candidates properly submitted by Eagle's stockholders. Stockholders can submit the names of qualified candidates for director by writing to the Corporate Secretary at Eagle Bancorp Montana, Inc., P.O. Box 4999, Helena, Montana 59604. The Corporate Secretary must receive a submission not later than 60 days in advance of the first anniversary of the previous year's annual meeting if such meeting is to be held on a day which is within 30 days of the anniversary of the previous year's annual meeting. A stockholder's submission must be in writing and include the following information:

the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated;

a representation that the stockholder is a holder of record of Eagle's stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting and nominate the person or persons specified in the notice;

whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock) has been made, the effect or intent of which is to mitigate loss to or manage risk of stock price changes for, or to increase the voting power of, such stockholder or any of its affiliates with respect to any share of Eagle's stock;

a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder;

such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated, or intended to be nominated, by the Board; and

the consent of each nominee to serve as a director of Eagle if so elected.

In addition, the stockholder making such nomination shall promptly provide any other information reasonably requested by Eagle. Stockholder submissions that are received and that meet the criteria outlined above will be forwarded to the Chair of the Nominating Committee for further review and consideration.

Whether or not you intend to be present at the Annual Meeting, you are urged to return your proxy card promptly. If you are then present at the Annual Meeting and wish to vote your shares in person, your original proxy may be revoked by voting at the Annual Meeting. However, if you are a stockholder whose shares are not registered in your own name, you will need appropriate documentation from your recordholder to vote personally at the Annual Meeting.

Explanation of Responses:

Explanation of Responses: