



## **Corporate Governance Guidelines**

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### **1. Director Qualifications**

The Board of Directors must meet the criteria for Corporate Governance required by the Sarbanes-Oxley Act. The Nominating Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics required for new Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board. The Nominating Committee, in accordance with the policies and principles in its charter, will select nominees for directors. The invitation to join the Board should be extended by the Board itself, by the Chairman of the Nominating Committee, and by the Chairman of the Board.

Directors should advise the Chairman of the Board and the Chairman of the Nominating Committee in advance of accepting an invitation to serve on another public company board. No director will be nominated to a new term if he or she would be age 75 or older at the time of the election unless the Board specifically determines that the age of the director will not be an impediment to the director's continued service.

The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, term limits involve the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Nominating Committee will review each director's continuation on the Board at least every three years. This will allow each director the opportunity to confirm his or her desire to continue as a member of the Board and the Board, through the Nominating Committee, to consider the appropriateness of the director's continued service.

### **2. Director Responsibilities**

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stockholders. In discharging this obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The directors will also be entitled to be covered by reasonable directors' and officers' liability insurance purchased by the Company on their behalf; to the benefits of indemnification to the fullest extent permitted by law and by the Company's certificate of incorporation, by-laws, and any indemnification agreements; and to exculpation as provided by state law and the Company's certificate of incorporation.

Directors are expected to attend Board meetings and meetings of Board committees on which they serve, to spend the time needed to discharge their Board duties in a reasonable manner, and to meet as frequently as necessary to properly discharge their responsibilities. Information and data that are

important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting.

The Chairman should establish the agenda for each Board meeting. At the beginning of each fiscal year, the Chairman should establish a schedule of agenda subjects to be discussed during the year to the degree this can be foreseen. Each Board member may suggest the inclusion of items on the agenda. Each Board member also may raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

The Board believes that the management speaks for the Company. Individual Board members, from time to time, may meet or otherwise communicate with various constituencies that are involved with the Company. It is expected, however, that Board members would do this with the knowledge of the management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

### **3. Board Committees**

The Board at all times will have an Audit Committee, a Compensation Committee, and a Nominating Committee. All of the members of these committees will be independent directors under the criteria established by the Sarbanes-Oxley Act. Committee members will be appointed by the Board upon recommendation of the Nominating Committee with consideration of the desires of individual directors. It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not believe that rotation should be mandated as a policy.

Each committee will have its own charter. The charter for each committee will set forth the purposes, goals, and responsibilities of the committee as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations, and committee reporting to the Board. Each committee charter will also provide that the committee will annually evaluate its performance.

The Chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the members of the committee and management, will develop the committee's agenda. At the beginning of each fiscal year, each committee will establish a schedule of agenda subjects to be discussed during the year, to the degree these can be foreseen. The schedule for each committee will be furnished to all directors.

The Board and each committee have the power to hire independent legal, financial, or other advisors, as they may deem necessary, without consulting with or obtaining the approval of any officer of the Company in advance.

The Board, from time to time, may establish or maintain additional committees as necessary or appropriate.

#### **4. Director Access to Officers and Employees**

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications between a director and an officer or employee of the Company.

The Board, as appropriate in its judgment, will invite senior officers of the Company to attend Board meetings. If the CEO wishes to have Company personnel attend meetings on a regular basis or periodic basis, this suggestion should be brought to the Board for approval.

#### **5. Director Compensation**

The Compensation Committee in accordance with the policies will determine the form and amount of director compensation and principles set forth in its charter, and the Compensation Committee will conduct an annual review of director compensation. The Compensation Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

#### **6. Director Orientation and Continuing Education**

Each new director should participate in an orientation program, which should be conducted promptly following the meeting at which a new director is elected. This orientation will include presentations by senior management to familiarize each new director with the Company's strategic plans; its significant financial, accounting, and risk management issues; its compliance programs; its Code of Business Conduct and Ethics; its principal officers; and its internal and independent auditors. In addition, the orientation program should include visits to the Company's headquarters and, to the extent practical, certain of the Company's significant facilities. All other directors are also invited to attend the orientation program.

## **7. CEO Evaluation and Management Succession**

The Compensation Committee will conduct an annual review of the CEO's performance, as set forth in its charter. The Board of Directors will review the Compensation Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long- and short-term.

The Nominating Committee should make an annual report to the Board on succession planning. As appropriate, the entire Board will work with the Nominating Committee to nominate and evaluate potential successors to the CEO. The CEO should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **8. Annual Performance Evaluation**

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Company and on areas in which the Board or management believes that the Board could improve.

*Last date revised: May 1, 2004*