

## Corporate Governance Guidelines

Adopted as of 27 May 2004

### INTRODUCTION

The Board of directors has adopted these guidelines as a general framework for the governance of the company. The Board, on behalf of the company and its shareholders, oversees and provides oversight to the management of the company.

In addition to other board or committee responsibilities outlined below, the responsibilities of the Board include reviewing the overall operating, financial and strategic plans and performance of the company, selecting and evaluating the company's Chief Executive Officer and approving and monitoring the selection and evaluation process of other executive officers, including the Chief Financial Officer, Treasurer, and Secretary, overseeing appropriate policies of corporate conduct and compliance with laws, and reviewing the process by which financial and non-financial information about the company is provided to management, the Board and the company's shareholders.

The company's senior officers, under the direction of the Chief Executive Officer, are responsible for the operations of the company, implementation of the strategic, financial, and management policies of the company, preparation of financial statements and other reports that accurately reflect requisite information about the company, and timely reports which inform the Board about the foregoing matters.

These guidelines are not intended as binding legal obligations or inflexible requirements, and they are not intended to interpret applicable laws and regulations or modify the company's articles of incorporation or bylaws. The Board believes that these guidelines should be an evolving set of corporate governance principles, subject to review and change as circumstances warrant.

### BOARD COMPOSITION

- a. Size of The Board. The company's bylaws currently provide that the authorized number of directors will be not less than 9. The Board is classified, with the terms of office of each of the three classes of directors ending in successive years of 3 year terms, as provided in the company's certificate of incorporation. As necessary, the Board of directors will review the appropriate size of the Board.
- b. Majority of Independent Directors. A majority of the directors serving on the Board will meet the standards of director independence set forth in NASDAQ listing standards, as the same may be amended from time to time (the "listing standards"), as well as other factors not inconsistent with the listing standards that the Board considers appropriate for effective oversight and decision-making by the Board.
- c. Affirmative Determination of Independence. The Board will affirmatively determine annually and at other times required by the listing standards that the directors designated as independent have no material relationships to the company (either directly or with an organization in which the director is a partner, shareholder or officer or is financially interested) that may interfere with the exercise of their independence from management and the company.
- d. Management Directors. The Board anticipates that the company's Chief Executive Officer will be nominated to serve on the Board. The Board may also appoint or nominate other members of the company's management whose experience and role at the company are expected to help the Board fulfill its responsibilities.
- e. Chairperson and Presiding Independent Director. The Board will periodically appoint a Chairperson of the Board. Both independent and management directors, including the Chief Executive Officer, are eligible for appointment as the Chairperson. If the Chairperson is not an independent director, the Board will either designate an independent director to preside at the meetings of independent directors or a procedure by which a presiding director is selected for these meetings.
- f. Selection of Board Nominees. The Nominating and Corporate Governance Committee will recommend the individuals to be nominated by the independent directors to serve on the company's board of directors for election by shareholders at each annual meeting of shareholders, and to be appointed to fill vacancies on the Board of directors, subject to approval by a majority of the independent directors, and subject to legal rights, if any, of third parties or shareholders to nominate or appoint directors.
- g. Board Membership Criteria. The Board's policy is to encourage the selection of directors who will contribute to the company's overall corporate goals, taking into account its responsibility to its shareholders, industry leadership, customer success, positive working environment, community involvement, and integrity in financial reporting and business conduct. The Board and the Nominating and Corporate Governance Committee will from time to time review the appropriate balance of experience, skills and characteristics appropriate for board members and director candidates in light of the Board's composition at the time and skills and expertise needed for the effective operation of the Board and its committees. Nominees will be selected on the basis of their depth and breadth of experience, wisdom, integrity, ability to make independent analytic inquiries, understanding of the Company's business environment, and willingness to devote adequate time to Board duties.
- h. Length of Board Service. The Board, based on recommendations by the Nominating and Corporate Governance Committee, will review the length of service of its members when a director is eligible to be re-nominated for board membership, including an assessment of individual director performance, the number of other public and private company boards on which the individual serves, the composition of the Board at that time, and other relevant factors. The Board does not believe that there should be a fixed term or retirement age for directors or that directors who retire from or change their principal occupation or business should necessarily be required to end their service as directors.
- i. Board Compensation. The Board, through the Compensation Committee, will review appropriate compensation policies or changes in compensation policies for the directors serving on the Board and its committees in accordance with the Compensation Committee's charter.
- j. Shareholder Proposals for Nominees. The Nominating and Corporate Governance Committee will consider written proposals from shareholders for nominees for director. Any such nominations are to be submitted to the Nominating and Corporate Governance Committee c/o the Secretary of the Company and should include (at a minimum) the following information: (a) all information relating to such nominee that is required to be disclosed pursuant to Schedule 14A under the Securities Exchange Act of 1934 (including appropriate biographical information); (b) such person's written consent to being named in the proxy statement as a nominee and to serving as a

director if elected); © the name(s) and address(es) of the shareholder(s) making the nomination and the number of shares of the Company's common stock which are owned beneficially and of record by such shareholder(s); and (d) biographical information and a statement as to the qualifications of the nominee. Shareholders proposals should be submitted in the time frame required by state law, the SEC or the bylaws as appropriate and as required under any other applicable rules and regulations.

- k. Procedure for Identifying and Evaluating Nominees. The process for identifying and evaluating nominees to the Board will be initiated by identifying candidate(s) who meet the criteria for selection as a nominee and have the specific qualities or skills being sought based on input from members of the Board and, others to the extent determined by the Nominating and Corporate Governance Committee. These candidate(s) will be evaluated by the Nominating and Corporate Governance Committee by reviewing the candidates' biographical information and qualifications and if necessary, by checking references. Qualified candidates, to be presented to the Board by the Nominating and Corporate Governance Committee shall meet with at least one member of the Nominating and Corporate Governance Committee and with at least one other member of the Board. The Nominating and Corporate Governance Committee will decide which of the prospective candidates to recommend to the Board for selection as nominees to be presented for the approval of the shareholders or for appointment to fill a vacancy.

## BOARD MEETINGS

- a. Scheduling of Full Board Meetings. The Chairperson of the Board will schedule in advance regular meetings of the Board, ordinarily held on a quarterly basis at the company's principal executive office or other location designated by the meeting notice.
- b. Meetings of Independent Directors. The independent directors will hold during each fiscal year at least two (2) regular meetings of the independent members of the Board without management present, at such times and for such purposes as the independent directors consider to be appropriate. For the convenience of the directors, these meetings may, but need not, be scheduled to coincide with the dates of regular board meetings. The independent directors may invite the company's independent auditors, legal counsel, and employees to attend portions of these meetings.
- c. Agenda. The Chairperson of the Board will have primary responsibility for establishing the agenda for each board meeting and arranging for the agenda to be sent in advance of the meeting to the directors along with appropriate written information and background materials. Each board committee, and each individual director, is encouraged to suggest items for inclusion on the agenda. The Chairperson and the full board separately have authority to require the Board to meet in executive sessions to discuss sensitive matters with or without distribution of written materials.
- d. Access to Information. The company's management will afford each Board member access to the company employees and the outside auditors, legal counsel and other professional advisers for any purpose reasonably related to the Board's responsibilities. Each director is entitled to inspect the company's books and records and obtain such other data and information as the director may reasonably request; inspect facilities as reasonably appropriate for the performance of director duties; and to receive notice of all meetings in which a director is entitled to participate and copies of all board and committee meeting minutes.
- e. Independent Inquiries and Advisers. The Board and its committees (to the extent authorized by the Board or their committee charter) are authorized to conduct investigations and to retain, at the expense of the company, independent legal, accounting, investment banking, or other professional advisers selected by the Board for any matters reasonably relating to the purpose or responsibilities of the Board.

## BOARD COMMITTEES

- a. Committees. The committees of the Board are the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. The Board may from time to time establish additional committees or disband a committee depending on the circumstances.
- b. Committee Member Selection. The Board will designate the members and the Chairperson of each committee, endeavoring to match the committee's function and needs for expertise with individual skills and experience of the appointees to the committee. Each member of the Audit, Compensation and Nominating and Corporate Governance Committees will be independent as defined in the applicable listing standards, laws and regulations.
- c. Committee Functions. Each of the Audit, Compensation and Nominating and Corporation Governance Committees will have a written charter approved by the Board in compliance with applicable listing standards, laws and regulations. The number and content of committee meetings and means of carrying out committee responsibilities will be determined by each committee in light of the committee's charter, the authority delegated by the Board to the committee, and legal, regulatory, accounting or governance principles applicable to that committee's function. The company will afford access to the company's employees, professional advisers, and other resources, if needed, to enable committees to carry out their responsibilities.

## BOARD MEMBER RESPONSIBILITIES

- a. Director Responsibilities.
- i. Generally. A director is expected to discharge his or her director duties, including duties as a member of a committee on which the director serves, in good faith and in a manner the director reasonably believes to be in the best interests of the corporation.
- ii. Disclose Relationships. Each independent director is expected to disclose promptly to the Board through the Secretary any existing or proposed relationships (other than service as a board member or on board committees) which could affect the independence of the director under applicable listing standards or any additional standards as may be established by the Board of directors from time to time, including direct relationships between the company and the director and his or her family members, and indirect relationships between the company and any business, nonprofit or other organization in which the director is a general partner or manager, officer, or significant shareholder, or is materially financially interested.
- iii. Reporting and Compliance Systems. Based on information available to the director, each director should be satisfied that company management maintains an effective system for timely reporting to the Board or appropriate board committees on the following: (1) the company's financial and business plans, strategies and objectives; (2) the recent financial results and condition of the company and its business segments; (3) significant accounting, regulatory, competitive, litigation and other external issues affecting the company; and (4) systems of control which promote accurate and timely reporting of financial information to shareholders and compliance with laws and corporate policies. Each director is expected to have a basic understanding of the foregoing matters to the extent information is furnished by management or otherwise available to the Board.
- iv. Attendance. Board members are expected to devote sufficient time and attention to prepare for, attend and participate in board meetings, shareholder meetings and meetings of committees on which they serve, including advance review of meeting materials that may be circulated prior to each meeting.
- v. Reliance on Information. In discharging responsibilities as a director, a director is entitled to rely in good faith on reports or other

information provided by company management, independent auditors, and other persons as to matters the director reasonably believes to be within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the company. Directors are entitled to rely on the honesty and integrity of the company's senior executives and its independent auditors and advisers.

- b. Transactions Affecting Director Independence. Without the prior approval of a majority of disinterested members of the Board or, if required by the listing standards, the Audit Committee, the company will not make significant charitable contributions to organizations in which a director or a family member of the director is affiliated, enter into consulting contracts with (or otherwise provide indirect forms of compensation to) a director, or enter into any relationships or transactions (other than service as a director and board committee member) between the company and the director (or any business or nonprofit entity or organization in which the director is a general partner, controlling shareholder, officer, manager, or trustee, or materially financially interested). Notwithstanding the foregoing, to the extent required to comply with SEC rules, no member of the audit committee will be an affiliated person of the company or receive any direct or indirect compensation from the company other than for service as a director and on committees on which the individual serves.
- c. Continuing Education. The Board is expected periodically to review appropriate policies and procedures for providing orientation sessions for newly elected or appointed directors and recommending on an as-needed basis continuing director education programs for board or committee members. All directors are encouraged to attend, at the company's expense upon prior approval by the Chairman, director continuing education programs offered by various organizations.
- d. Evaluation. The Board, through the Nominating and Corporate Governance Committee will monitor these corporate governance guidelines. The Board shall also monitor whether the Board and its committees are functioning effectively on an ongoing basis. The Nominating and Corporate Governance Committee shall facilitate this process.
- e. Compliance with Applicable Corporate Policies. The Board is expected to comply with all applicable company policies and requirements, including but not limited to its Bylaws and Articles, Code of Conduct and Insider Trading and Whistleblower policies.

## MANAGEMENT RESPONSIBILITY

- a. Management Succession Planning. The Chief Executive Officer will review with the Compensation Committee succession and development plans for executive officers and report to the Board on these matters. The Board may from time to time ask the Compensation Committee to undertake specific reviews concerning management succession planning.
- b. Financial Reporting and Legal Compliance. The Board's governance and oversight functions do not relieve the primary responsibilities of the company's management for (1) preparing financial statements which accurately and fairly present the company's financial results and condition and (2) maintaining systems, procedures and corporate culture which promote compliance with legal and regulatory requirements and the ethical conduct of the company's business.
- c. Corporate Communications. Executive management has the primary responsibility to establish policies concerning the company's communications with investors, the press, customers, suppliers and employees.
- d. Communication of Corporate Governance Guidelines. To the extent required by the listing standards, or under any applicable rules or regulations management will assure that the company's website and SEC filings will include a copy of these guidelines, copies of the charters of the audit, compensation, and nominating and corporate governance committees and, if applicable, other key committees of the Board, and a copy of the company's code of conduct. Management will also include in the company's annual report to shareholders statements to the effect that this information is available on the company's website and in print to any shareholder who requests it.