



Governance Principles

Role of the Board of Directors

The Board of Directors is elected annually by the shareholders. The Board's principal role is to represent the shareholders in overseeing management and its performance in creating increased shareholder value over time. The Board selects the senior management team that is charged with the strategic and operational conduct of the Company's business. Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors its performance to enhance the long-term value of the Company for its shareholders.

Composition of the Board

Size. The Board will periodically evaluate the size of the Board based on recommendations of the Governance and Nominating Committee.

Qualification. Two-thirds of the members of the Board are outside directors who meet the independence criteria established by the New York Stock Exchange. No more than one member of the Board will be an employee of the Company unless the Board, in its discretion, determines that an additional employee-director would facilitate the Company's succession plan. The Governance and Nominating Committee, in consultation with the Chairman and Chief Executive Officer, considers and makes recommendations to the Board concerning the appropriate size and needs of the Board.

Independence Criteria. As described above under Qualification, the Board applies the independence criteria of the New York Stock Exchange when making determinations regarding director independence. In addition, transactions with the Company involving a director or candidate for director or an entity with whom the director or candidate is affiliated that are conducted on an arm's-length basis in the ordinary course of business will not be deemed to affect a director's independence.

Selection. The Governance and Nominating Committee considers and proposes to the Board candidates for Board membership. Candidates are selected for their character, judgment, diversity, skills and experience. A summary of the qualifications for candidates will be maintained on the Company's website. Final approval of a candidate is determined by the full Board.

Compensation. Company employees serving as directors do not receive additional compensation for their services as directors. The compensation for non-employee directors should be competitive with that of other public companies of comparable size. To encourage ownership of Company stock by directors, a portion of director compensation may be payable in Company stock or options. The Compensation Committee annually reviews the compensation of directors and reports its recommendations to the Board.

Orientation and Continuing Education. The Company will conduct a full orientation program for new directors, including presentations by senior management with respect to strategic plans, financial reporting, auditing processes and code of conduct. The Company also provides continuing education for directors, including presentations by senior management, visits to Company properties and facilities, and opportunities to attend relevant conferences and seminars.

Limits on Board Memberships. To ensure that other commitments do not interfere with a director's service to the Company, no director with a full-time job may serve on more than two public company boards and no director who does not have a full-time job may serve on more than four public company boards. Prior to accepting an invitation to serve on another public company board, a director will provide notice to the Chairman of the Governance and Nominating Committee. The Committee will evaluate the proposed service in relation to the Company's policies and principles and will advise the affected director of its conclusion. The affected director will be expected to act in accordance with the recommendation of the Governance and Nominating Committee.

Term and Age Limits. Before nominating directors for re-election to the Board, the Governance and Nominating Committee will consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically reexamine the status quo. No more than 25% of the members of the Board at any one time shall be over the age of 70. As a result, there is no need for the Board to establish term or age limits.

Change in Circumstances. In the event of a significant change in a director's professional or personal circumstances, including a fundamental change in his or her job responsibilities, the director will tender his or her resignation to the Chairman of the Governance and Nominating Committee for consideration by the Committee of the continued appropriateness for Board service.

Board Leadership

Chairman. The Chairman of the Board is selected by the Board. The Board may select the Chief Executive Officer as Chairman if that is best for the Company at any given point in time.

Lead Director. If the position of Chairman is held by a person who does not qualify as an independent director, the chair of the Governance and Nominating Committee will be the lead director to chair executive sessions of the Board.

Functioning of the Board

Meetings. Directors are expected to attend, either in person, by phone or by other remote communication, all Board and Committee meetings, as well as the Annual Meeting of Shareholders, and to spend the time needed to prepare for meetings. The Chairman and Chief Executive Officer, together with the lead director, if any, establish the agenda for each Board meeting. Any member of the Board may request that an item be included on the agenda. At any Board meeting any member of the Board may raise subjects that are not on the agenda for that meeting. Materials related to agenda items are to be provided to the Board members sufficiently in advance of the meeting where necessary to allow the members to prepare for discussion of the items at the meeting.

Confidentiality. The members of the Board shall keep all Board proceedings and Company information confidential.

Board Evaluation. The Governance and Nominating Committee is responsible for coordinating an annual evaluation of the performance of individual Board members, the full Board and the Committees. The Governance and Nominating Committee is responsible for establishing the evaluation criteria and implementing the process for such evaluations. The results of such evaluations will be reported to the Board.

Chief Executive Officer Evaluation. The Compensation Committee will review the performance of the Chief Executive Officer and report its results to the Board in executive session at least annually. The Compensation Committee also reviews and recommends to the Board long and short term compensation and performance goals for the Chief Executive Officer which will be reviewed and approved by the Board in executive session.

Management Succession. The Board plans for succession to the position of Chief Executive Officer as well as other senior management positions. To assist the Board, the Chief Executive Officer is required to provide the Board with annual assessments of the Company's senior managers and other persons considered potential successors to the Chief Executive Officer position and to other senior management positions. In addition, the Chief Executive Officer is required to prepare, on a continuing basis, a short-term succession plan that delineates a temporary delegation of authority to certain officers if any or all of the senior officers should unexpectedly become unable to perform their duties. The short term plan would be in effect until the Board had the opportunity to consider the situation and take action, when necessary.

Access to Management; Independent Advisers. Directors have free access to members of the Company's management and employees. The Board welcomes regular attendance at Board and Committee meetings of executive officers and other members of management. The Board and/or the Committees of the Board also have the ability to hire, at the Company's expense, independent advisers when it deems necessary, appropriate or advisable to do so.

Executive Sessions. Executive sessions or meetings of outside directors without management present are held as part of each regularly scheduled Board meeting.

Communications with Constituencies. Management speaks for the Company. Communications about the Company with the press, media and other constituencies (e.g., shareholders, customers, communities, suppliers, creditors, regulators and corporate partners) should be made by management. Individual Board members may from time to time, at the request of the Chief Executive Officer, meet or otherwise communicate with various constituencies of the Company.

Committees of the Board

Committee Structure. All major decisions are considered by the Board as a whole. The committee structure of the Board is limited to those committees considered by the Board to be basic to or required for the operation of a publicly owned company. Currently those committees are the Audit and Finance Committee, the Governance and Nominating Committee and the Compensation Committee. Each committee has its own charter setting forth the purposes of the committee as well as qualifications for committee membership. The members and chairs of these committees will be appointed by the Board after taking into consideration the recommendations of the Governance and Nominating Committee and the Chief Executive Officer and in accordance with the listing standards of the New York Stock Exchange and other applicable regulations.

Qualification. All members of the Audit and Finance, Governance and Nominating and Compensation Committees are independent directors under the criteria established by the New York Stock Exchange.

Functioning of the Committees. The chair of each committee determines the frequency and length of the committee meetings and develops the agenda for each meeting. Materials related to agenda items are to be provided to the committee members sufficiently in advance of the meeting where necessary to allow the members to prepare for discussion of the items at the meeting.

Ethics

Directors, as well as officers and employees, are expected to act ethically at all times and to adhere to the Company's code of conduct. The Board will not permit any waiver of any ethics policy for any director or executive officer.

Conflicts of Interest

If an actual or potential conflict of interest arises for a director, the director shall promptly notify the Chairman of the Governance and Nominating Committee and General Counsel. If a significant conflict exists and cannot be resolved, the director should resign. All directors will excuse themselves from any decision affecting their personal, business or professional interests. The Board will resolve any conflict of interest question involving the directors or executive officers and the Chief Executive Officer will resolve any conflict of interest issue involving any other officer of the Company.

Miscellaneous

These Corporate Governance Principles, which were originally adopted by the Board on August 19, 2003, are in addition to and are not intended to change or interpret any federal or state law or regulation. They are subject to modification or refinement from time to time by the Board.