

## CORPORATE GOVERNANCE GUIDELINES

### **I. Responsibilities of the Board of Directors**

The Board of Directors, which is elected by the shareholders, is the ultimate decision-making body of the Company, except with respect to matters reserved to the shareholders. The Board of Directors selects the Chief Executive Officer and certain other members of the executive management of the Company, who are charged with directing the Company's business. The primary function of the Board of Directors is therefore oversight - defining and enforcing standards of accountability that enable executive management to execute their responsibilities fully and in the interests of shareholders. Consistent with that function, the following are the primary responsibilities of the Board:

- Evaluating the performance of the Company and its executive management, which includes (i) overseeing the conduct of the Company's business to evaluate whether it is being effectively managed, including through regular meetings of the outside Directors without the presence of management; and (ii) selecting, regularly evaluating and planning for the succession of the Chief Executive Officer and such other members of executive management as the Board deems appropriate, including fixing the compensation of such individuals;
- Reviewing the Company's strategic plans and objectives, including the principal risk exposures of the Company;
- Providing advice and counsel to the Chief Executive Officer and other executive management of the Company;
- Assisting management in the oversight of the compliance by the Company with applicable laws and regulations, including in connection with the public reporting obligations of the Company;
- Overseeing management with a goal of ensuring that the assets of the Company are safeguarded through the maintenance of appropriate accounting, financial and other controls;
- Establishing appropriate Committees of the Board for the purpose of fulfilling any responsibilities delegated by the Board of Directors;
- Annually evaluating the overall effectiveness of the Board of Directors and its committees, as well as selecting and recommending to shareholders for election an appropriate slate of candidates for the Board of Directors;
- Approving material investments or divestitures, strategic transactions, and any other significant transactions that are not in the ordinary course of the Company's business or affect the long-term capital structure of the Company.

In discharging their responsibilities, Directors must exercise their business judgment to act in a manner that they believe in good faith is in the best interests of the Company and its shareholders. Directors are expected to attend all or substantially all Board meetings and

meetings of the Committees of the Board on which they serve. Directors are also expected to spend the necessary time to discharge their responsibilities appropriately.

Directors shall be entitled to require that the Company purchase reasonable liability insurance on their behalf and to accord them the benefits of indemnification and exculpation to the fullest extent permitted by applicable law and the Company's Certificate of Incorporation and By-Laws.

## **II. Structure and Operation of the Board of Directors**

### *A. Size and Composition*

The Company's By-Laws provide that the Board of Directors shall consist of the number of members established by resolution of the Board of Directors from time to time. On an annual basis, the Nominating & Governance Committee shall consider the size and composition of the Board and report to the full Board the results of its review and any recommendations for change.

There shall always be at least a majority of Directors that meet the independence requirements of applicable law and listing standards. A Director shall provide timely notice to the Chairman of the Board of his or her acceptance of an invitation to serve on the board of directors of any other company. The Company limits the number of boards on which its Directors and its Director nominees may serve to six, including the Company. Director nominees serving on six or more boards at the time of their nomination to the Company's board must declare their intent to reduce their board commitments to six.

The Board of Directors is responsible for selecting candidates for Board membership and for extending invitations to join the Board of Directors through the Nominating & Governance Committee. Candidates must meet the requirements of applicable law and listing standards, and are selected for qualities such as integrity, judgment, independence, experience, effectiveness, maturity, commitment and other relevant considerations. Any Director may recommend a candidate for nomination to the Board of Directors. Consistent with its charter, the Nominating & Governance Committee is responsible for identifying and screening candidates (in consultation with the Chairman of the Board and the Chief Executive Officer), for establishing criteria for nominees and for recommending to the Board a slate of nominees for election to the Board of Directors at the Annual Meeting of Shareholders. Final approval of any candidate shall be determined by the full Board of Directors.

The Board of Directors does not believe that is advisable to establish term limits for its Directors because they may deprive the Company and its shareholders of the contribution of Directors who have been able to develop valuable insights into the Company and its operations over time. A Director will, however, be expected not to stand for re-election after the age of 72. In certain circumstances where it is deemed to be in the best interests of the Company, the Board may request that a Director serve, at the pleasure of the Board, beyond age 72.

Consistent with its charter, the Nominating & Governance Committee shall annually evaluate the performance of the Board of Directors as a whole, employing such methods as it may deem helpful and appropriate in order to assess the Board's effectiveness. At the conclusion of this process, the Chair of the Nominating & Governance Committee shall report the Committee's conclusions to the Board of Directors and may make recommendations to the Chairman of the Board regarding changes that the Committee deems appropriate for

consideration by the full Board of Directors.

*B. Offices of Chairman of the Board and Chief Executive Officer*

The offices of Chairman of the Board and Chief Executive Officer have been at times combined and at times separated. The Board has exercised discretion in combining or separating the positions as it has deemed appropriate in light of prevailing circumstances. The Board of Directors believes that the combination or separation of these offices should continue to be considered as part of the succession planning process.

The person holding the office of Chief Executive Officer shall tender his or her resignation from the Board of Directors at the same time that his or her service in such capacity ends, unless that person also holds or is then elected to the office of Chairman of the Board, in which event that person shall retire from the Board at the time that his or her service as Chairman ends. Such tender may be accepted or declined at the discretion of the Board.

The Nominating & Governance Committee shall report periodically to the Board of Directors regarding succession planning with respect to the office of the Chief Executive Officer and other members of executive management as may be determined by the Board of Directors.

*C. Lead Director*

The intention of the Board is that one of the Company's independent Directors shall serve as the "Lead Director". Provided that the Chairman of the Board is not an officer or employee of the Company, the Chairman shall serve as Lead Director and preside at all Board meetings, including executive sessions of the independent directors. In the event the Chairman of the Board is not present or does not qualify, the Lead Director shall be elected by vote of the independent Directors. The name of the Lead Director or other means for persons to communicate directly with the independent Directors shall be disclosed in the Company's annual proxy statement.

The Lead Director shall be responsible for approving information sent to the Board, meeting agendas, and meeting schedules to assure there is sufficient time for discussion of all agenda items; and shall have authority to call meetings of the independent directors. If requested by major shareholders, the Lead Director shall be available for consultation and direct communication. If the Lead Director is not the Chairman, the Lead Director shall preside at meetings or executive sessions of the Board when the Chairman is unable to attend, and may also serve as a liaison between the Chairman and the independent directors.

*D. Board Meetings*

- Frequency and Conduct of Meetings

The Board of Directors shall meet at least four times a year, generally quarterly. Additional meetings may be scheduled as necessary or appropriate in light of circumstances.

The Chairman of the Board shall chair all meetings of the Board of Directors. The Chief Executive Officer, the Chief Financial Officer, the General Counsel and the Secretary of the Company shall attend all meetings of the Board, subject to the Board's discretion to excuse one or more of these officers from all or portions of any meeting.

Outside Directors shall meet in executive session following each regularly scheduled Board

meeting. Periodically (but at least annually), the Board shall schedule an executive session only for independent directors.

Upon two days' notice to the Directors, special meetings may be called by the President or by any two Directors, with or without the presence of any member of executive management, if he or she deems it necessary or appropriate. In such circumstances, the person calling the special meeting shall consult with the Chairman of the Board as to the time, location and agenda for such meeting.

- Agenda

The Chairman of the Board and the Chief Executive Officer (if not the same as the Chairman) shall establish an agenda for each meeting of the Board of Directors. Directors may suggest the addition of any matter to a meeting agenda. Each Director may also raise at any meeting or executive session any subject that is not on the agenda for that meeting or executive session.

- Information to be Distributed Prior to Meetings

To the extent practicable, materials to be considered at meetings shall be sent to the Board in advance so that the Board's meeting time may be conserved and discussion time focused on questions that Directors may have. Information should be relevant, concise and timely. Requests for action by the Board of Directors should include the recommendation of management and be accompanied by any historical or analytical data that may be necessary or useful to the Directors in making a determination as to the advisability of the matter.

- Minutes

The Secretary of the Company shall record minutes of all meetings of the Board of Directors, its Committees and shareholders. In the absence or incapacity of the Secretary, the Chairman may designate an Assistant Secretary, a Director, or inside or outside counsel for the Company to record the minutes of meetings.

With respect to any matter, a Director voting against a proposal may ask to have his or her dissent recorded in the minutes of the meeting, and the Secretary shall do so.

*E. Access to Management, Management Information and Counsel*

Directors shall have free access to management and management information. Management shall be responsive to requests for information from Board members. Members of management may be invited to make presentations at Board meetings in order to provide particular insights into aspects of the Company's business or to provide individuals with exposure to the Board of Directors for purposes of management development. Directors may suggest possible guests to the Chairman.

The Board of Directors, the Committees thereof and the Lead Director (on behalf of the outside Directors as a group) shall be entitled, at the expense of the Company, to engage such independent legal, financial or other advisors as they deem appropriate, without consulting or obtaining the approval of any officer of the Company, with respect to any matters subject to their respective authority.

*F. Board Interaction with Institutional Investors, the Press and other Constituencies*

The Board believes that management speaks for the Company. Directors may, from time to time, be contacted by institutional investors, other shareholders, sellers of businesses or merger partners, governmental or community officials, analysts or the press to comment on or discuss the business of the Company. Directors are expected to refrain from communicating with any of the foregoing without prior consultation with the Chief Executive Officer or the Chief Financial Officer. Any proposed contact by a Director in response to any inquiry by any governmental official will ordinarily also be notified in advance to the General Counsel of the Company. In the event the Director believes it is not practical or advisable to provide advance notice to the General Counsel, the Director shall seek the assistance of outside legal counsel prior to responding to such inquiry.

Directors may also, from time to time, discuss the Company's business with customers, suppliers and others. While Directors are free to engage in these discussions, they should advise appropriate members of executive management.

In no event shall any Director disclose any material non-public information concerning the Company. Among other considerations, such disclosures may violate applicable law. Questions about such information should be directed to the General Counsel. In the event that a Director inadvertently discloses information that may be material and non-public, he or she should immediately so advise the General Counsel.

*G. Committees of the Board*

- Committee Structure

There are currently four standing Committees of the Board of Directors: Audit, Compensation, Nominating & Governance and Executive. From time to time, the Board may designate *ad hoc* Committees in conformity with the Company's By-Laws. Each standing Committee shall have the authority and responsibilities delineated in the Company's By-Laws, the resolutions creating them and any applicable charter. The Board of Directors shall have the authority to disband any *ad hoc* or standing Committee when it deems it appropriate to do so, provided that the Company shall at all times have Audit, Compensation and Nominating & Governance Committees and such other Committees as may be required by applicable law or listing standards.

Committees shall be appointed by the Board of Directors from time to time upon recommendation of the Nominating & Governance Committee, typically in February in connection with proposing a slate of directors for election at the annual shareholders meeting. Appointments shall take effect upon election of such directors at the annual meeting. Committees shall select their own Chairpersons, subject to approval of the Nominating & Governance Committee. It is the Board's policy that, with the exception of the Executive Committee, only outside Directors shall serve on the standing Committees. The members of the Audit, Compensation and Nominating & Governance Committees shall at all times meet the independence and other requirements of applicable law and listing requirements. Members of the Audit Committee may not simultaneously serve on the audit committees of more than two other public companies, unless the Board determines that such service would not impair the effectiveness of such member's service to the Company

Each standing Committee shall have a written charter, which shall be approved by the full Board of Directors and state the purpose of such Committee. Committee charters shall be reviewed not less frequently than annually to reflect the activities of each of the respective Committees, changes in applicable law or regulation and other relevant considerations, and proposed revisions to such charters shall be approved by the full Board of Directors.

- **Committee Meetings**

The Chairpersons of the various Committees, in consultation with their Committee members, shall determine the frequency and length of Committee meetings. The Chairperson of each Committee, in consultation with appropriate Company officers, will establish the agenda for each Committee meeting. Committee members and other Directors may suggest the addition of any matter to the agenda for any Committee meeting.

To the extent practicable, materials to be considered at meetings shall be sent to Committee members in advance so that meeting time may be conserved and discussion time focused on questions that Committee members have. The Secretary of the Company shall record minutes of all Committee meetings unless the Committee Chairperson shall designate another in respect of one or more Committee meetings. The Chairperson of each Committee shall report on the activities of the Committee to the Board of Directors following Committee meetings, and minutes of Committee meetings shall be distributed to all Directors for their information.

#### *H. Compensation of the Board of Directors*

The Compensation Committee is charged with the responsibility of reviewing the compensation of the Board of Directors and recommending changes thereto to the full Board of Directors from time to time. In this regard, the Committee may request that management or third parties report to the Committee periodically on the status of the Board's compensation in relation to other similarly situated companies. The Committee may use such reports as a basis on which to establish an appropriate level of compensation, keeping in mind that fees and perquisites which exceed customary levels for companies of comparable size and scope may raise questions regarding independence. Directors who are Company employees shall not be compensated for their services as Directors.

The form and amount of Director compensation and perquisites shall be determined by the Compensation Committee in light of the Board of Directors' belief that an alignment of Director interests with those of shareholders is important. Accordingly, Director compensation shall include a substantial equity component.

#### *I. Director Orientation and Education*

New Directors shall participate in an orientation program, which shall generally be conducted within six months of their joining the Board. The agenda for the orientation program shall be determined by the Chairman of the Board, in consultation with the Chief Executive Officer. The orientation program shall address the Company's strategic plans, significant risk exposures, compliance programs (including its Code of Business Conduct and Ethics) and may include presentations by the Company's executive management, internal auditors and independent auditors, as well as one or more visits to the Company's headquarters or other operating sites or facilities. All other Directors shall also be invited to attend each orientation program. The Board of Directors shall encourage Directors to participate in continuing

education programs, and the Company shall pay the reasonable expenses of attendance by a Director at two such programs per year.

*J. Vesting of Equity Awards*

In establishing the terms of awards to be made under the Company's stock incentive plans, the Compensation Committee shall give due regard to the Company's management retention and long-term incentive goals. Accordingly, no equity award shall fully vest less than one year from the date of the award.

*K. Stock Ownership Guidelines*

To promote the alignment of the interests of directors and senior executives with those of the shareholders, the Company has established the following minimum Company stock ownership guidelines: directors shall hold stock valued at three times their annual retainer, the Chief Executive Officer shall hold stock valued at five times his base salary, and the other senior executives shall hold stock valued at two to four times their base salaries, as specified by the Nominating & Governance Committee for each executive from time to time. Shares owned, vested stock units and vested stock options shall be counted in determining whether the guidelines have been met. The Compensation Committee shall be responsible for recommending appropriate actions in respect of persons failing to meet the ownership guidelines within five years of those persons becoming subject to the guidelines.

**III. Revisions to these Governance Guidelines**

Each year, the Nominating & Governance Committee shall reevaluate these Governance Guidelines and recommend to the Board of Directors such revisions as it deems necessary or appropriate for the Board to discharge its responsibilities more effectively.