

## Corporate Governance

**The Role of the Board of Directors** - The Board of Directors, which is elected by the stockholders, is the ultimate decision-making body of the company, except with respect to those matters reserved to the stockholders. The Board selects the Chief Executive Officer and the other Executive Officers who are responsible and accountable for the company's daily business operations.

**Monitoring Operations** - The Chief Executive Officer is accountable to the Board of Directors for the operation of the company. At and between Board meetings, the Company's officers make such presentations and reports and provide such information to the Board as necessary to keep the Board fully informed of significant activities and matters relating to the operation of the company. The Company's officers will also have regular contact and interact with the Board and individual Board members.

**Strategy Development** - Long-term strategic issues and objectives are discussed at regular Board meetings and, periodically, Board meetings are devoted exclusively to strategy issues and objectives. The frequency of strategy meetings varies with changes in the business environment and the organization.

**Financial Performance** - The Board reviews the business plan in advance of the start of a new fiscal year. Financial performance (actual and in comparison to plan) is reviewed at regular Board meetings. The Board believes it is important to establish and evaluate long-term objectives and not to overemphasize short-term performance.

**Regulatory Oversight** - The Board expects adherence to regulatory and legal mandates and the conduct of daily operations in a manner consistent with this expectation. The Chief Executive Officer communicates guidance provided by outside counsel, with regard to material legal and regulatory matters at regular meetings of the Board.

**Committees** - The Board currently has both a compensation committee and audit committee, both of which have charter highlighted and linked above.

**Chief Executive Officer Evaluation** - The Board evaluates the Chief Executives Officers performance annually according to corporate goals and objectives. Such evaluation includes objective criteria, such as performance of the business, accomplishment of long-term strategic objectives, and development of management.

**Annual Performance Evaluation** - The Board conducts an annual self-evaluation to determine whether the Board is functioning effectively. The assessment will focus on the Board's contribution to the company and specifically on areas in which the Board or management believe that the Board could improve.

## Director Responsibilities

**Exercise Business Judgment** - The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interest of the company and its stockholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of senior executives and its outside advisors and auditors. The directors shall also be entitled to have the company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the company's by-laws and any indemnification agreements, and to exculpation as provided by state law and the company's certificate of incorporation.

**Attendance at Board Meetings and the Annual Meetings of Stockholders** - Directors are expected to attend the Annual Meeting of the Stockholders, Board meetings and meetings of committees on which they serve, to spend the time needed and to meet as frequently as necessary to properly discharge their responsibilities. The Board recognizes that occasional meetings may need to be scheduled on short notice when the participation of a director is not possible and that conflicts may arise that may prevent a director from attending a regularly scheduled meeting. The Board expects, however, that each director will make every possible effort to keep absences to a minimum. Although participation by conference telephone or other communications equipment is allowed, personal attendance is encouraged. 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 to the directors before the meeting, and directors should review these materials in advance of the meeting.

**Chairman** - The Board shall select a Chairman from among its members. The Chairman and Chief Executive Officer may or may not be the same person, depending on several factors as determined by the Board, including the succession planning process.

**Agendas for Board Meetings** - The Corporate Secretary will prepare the agenda for each Board meeting and will submit the agenda to the Chief Executive Officer for approval and coordinate the agenda with the Presiding Director. Each Board member may suggest the inclusion of items for the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

**Access to Officers and Employees** - Directors have full and free access to the company's officers and employees. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executives Officer, the Corporate Secretary, or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the company's business operations and will, to the appropriate extent, copy the Chief Executives Officer on any written communications between a director and officer or employee.

**Outside Communications** - The Board believes that management speaks on behalf of the company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the company, provided such communications are made with the prior knowledge and approval of management, absent unusual circumstances or as contemplated by committee charters. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman.

### **Director Qualifications**

**Independent Directors** - The Board will make every attempt to have a majority of its directors who meet the criteria for independence in accordance with the rules of the state of Delaware and applicable exchange the company is traded on.

**Composition** - The Board should be composed of directors who have a diverse background and who have the experience necessary to serve effectively on the Board and its committees, which may include financial, business, academic, public sector and other expertise as determined by the Board. Stockholder recommendations must be accompanied by detailed information about the proposed nominee and that person's written consent to have his or her name put in nomination and agreement to serve if elected.

**Discharge of Duties** - A director must be willing and able to devote the time necessary to discharge his or her duties as a director. A director must also demonstrate a willingness to evaluate the interests of the company as a whole when discharging his or her duties.

**Tenure** - The Board has not set a term limit on the length of time a director may serve. A director's service on the Board shall terminate on the date of the annual meeting of stockholders following his or her seventy-second birthday. The Board encourages fresh ideas and viewpoints and values the contribution of directors who have been able to develop, over a period of time, increasing insight into the company and its operations. The Board will review each director's continuation on the Board at least every three years.

### **Director Compensation**

- Directors should have a financial stake in the company in the form of equity participation, and
- Director compensation should be generally competitive with that paid to directors of comparable corporations in the United States.

### **Corporate Governance Processes**

**Corporate Secretary** - The Corporate Secretary shall be the officer responsible for ensuring the distribution of ongoing compliance with the corporate governance guidelines within the company. The Corporate Secretary may communicate with the Board or any individual director at any time regarding matters pertaining to corporate governance.

**Communications** - Stockholders wishing to communicate with an individual Board member or to the entire Board may do so by writing to the Corporate Secretary who will forward all such communications to such Board members within 48 hours of receipt of such communication.