



## CORPORATE GOVERNANCE GUIDELINES

### A. Role of the Board of Directors

The business and affairs of the Company shall be managed by or under the direction of the Board of Directors of the Company (the "Board"), except as may otherwise be provided by applicable law, the certificate of incorporation of the Company or the bylaws the Company.

### B. Board Membership and Service

#### 1. Size of the Board

The Board shall consist of not fewer than five nor more than nine persons (or such other minimum and maximum number of persons as may from time to time be provided in the certificate of incorporation or the bylaws). The Bylaws provide that the number of directors shall be fixed from time to time by resolution of the Board and may be increased or decreased by resolution of the Board. By resolution of the Board, the number of directors is set at nine. The Nominating and Corporate Governance Committee shall periodically review the appropriate size and organization of the Board, with the goal of maintaining a Board membership that provides the necessary expertise and independence but that is not too large to function efficiently.

#### 2. Independent Directors

A majority of the Board shall be comprised of "independent" directors, as that term is defined from time to time by the listing standards of The NASDAQ Stock Market, Inc. (the "NASDAQ"). As required by such listing standards, in determining that a director is independent, the Board must make an affirmative determination that such director has no relationship with the Company that would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director. In making this determination, the Board shall take into account all relevant facts and circumstances, including the factors set forth on Annex A attached hereto. The names of those directors whom the Board has determined to be independent must be disclosed in the Company's annual proxy statement. The independent directors must have regularly scheduled meetings where the independent directors are present.

#### 3. Selection of Director Nominees

All candidates for director shall be evaluated and recommended for nomination by the Nominating and Corporate Governance Committee, unless nominated by a stockholder in accordance with procedures which may be established by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for developing the selection criteria for director candidates from time to time and reviewing with the Board such criteria and the appropriate skills and characteristics required of Board members in the context of the then-current composition of the Board. At a minimum, the Nominating and Corporate Governance Committee must be satisfied that each director (a) has the business and/or professional knowledge and experience that will benefit the Company, its business and the goals and interests of its stockholders, (b) is well regarded in the community, with a long-term reputation for honesty and integrity, (c) has good common sense and judgment, (d) has a positive record of accomplishment in present and prior positions, (e) has an excellent reputation for preparation, attendance, participation, interest and initiative on other boards on which he or she may serve and (f) has the time, energy, interest and willingness to become involved in the Company and its future.

#### 4. Individual Director's Responsibilities

All directors are expected to set aside sufficient time in their schedules to fulfill their duties to the Company and its stockholders. All directors are expected to attend all meetings of the Board (and any committees thereof on which they serve) either in person or telephonically unless exigencies prevent them from attending. They are expected to prepare for each meeting by reviewing any materials provided to them in advance of the meeting. They are further expected to participate actively in the deliberations of the Board (and any committees thereof on which they serve).

All directors are expected to comply with the Company's policies, procedures, practices and codes of conduct, including, without limitation, the Company's Code of Business Conduct and Ethics, procedures for pre-clearance of, and blackouts on, trading activities and guidelines for the avoidance of conflicts of interest.

#### 5. Service Limits on Boards and Committees

The Board does not believe that it should establish term limits with respect to service on the Board, as it believes there is a

significant advantage in maintaining the experience and insight into the Company and its operations that directors gain over time. Board policy requires that a non-employee director retire at the Company's stockholders meeting first following attainment of age 70 and that no non-employee director may stand for election after reaching age 70.

The Board does not believe that it should set a predetermined limit on the number of boards on which a director may serve. However, the value of Board members who can provide a wider perspective and best practices learned in other directorships must be balanced against the time commitment that service on the Board entails. To enable the Nominating and Corporate Governance Committee to assess potential conflicts of interest, if any, or potential interlocking directorships, each director must notify the Chairman of the Nominating and Corporate Governance Committee (or the Chief Executive Officer in the event the person providing such notification is the Chairman of the Nominating and Corporate Governance Committee) in advance of accepting an invitation to serve as a member on another board of directors.

#### *6. Evaluations of Board and Director Performance*

The Board shall conduct an annual self-evaluation of the Board and each of its committees. These evaluations shall be under the oversight of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall develop the processes and procedures for evaluating the performance of the Board and each committee and evaluate the performance of individual directors prior to their re-nomination.

#### *7. New Director Orientation*

New directors shall receive an orientation through a combination of presentations by management (or its designees) and written materials. This process will assist new directors in acquainting themselves with the Company's business and its policies.

#### *8. Director Education*

The Company shall provide appropriate information to directors regarding changes in the Company's business and industry as well as the responsibilities of directors in fulfilling their duties.

#### *9. Change in Principal Occupation*

Company officers who also serve as directors must tender their resignations from the Board at the same time that they retire or resign from the Company. The Nominating and Corporate Governance Committee, in its discretion, shall determine whether any such resignation is accepted. Non-employee Directors who retire or resign from their principal employer must tender their resignations from the Board which, in its discretion, shall determine whether such resignation is accepted.

### **C. Board Leadership**

The Chairman of the Board shall chair each Board meeting. In his or her absence, the Bylaws shall govern who will chair the Board meeting.

### **D. Board and Committee Meetings**

#### *1. Schedule*

The Board believes that regular meetings at appropriate intervals are desirable for the performance of their responsibilities. The Board shall have regularly scheduled meetings at least quarterly. The Board and each committee thereof shall annually prepare a schedule of regular Board and committee meetings and timely notify the Board or committee members of any changes in the schedule.

Special meetings of the Board or any committee thereof may be called at any time by the Chairman of the Board or on the written request of any three directors or committee members, subject to the provisions of the Bylaws.

#### *2. Agendas and Minutes*

The Chairman of the Board shall establish the agenda for each Board meeting and distribute the agenda in advance of the meeting to each member of the Board. Board members may add items to be included on the agenda for any meeting and may raise at any meeting subjects that are not on the agenda for that meeting.

The chairperson of each committee of the Board shall establish and arrange for the distribution of an agenda to each committee member in advance of a committee meeting. Committee members may add items to be included on the agenda for any meeting and may raise at any meeting subjects that are not on the agenda for that meeting, provided that such items or subjects must be consistent with the purpose, duties and responsibilities of such committee.

Minutes shall be kept of each meeting of the Board and each committee. The chairperson of the Board and the chairperson of each committee shall designate a person to act as secretary of each meeting upon the commencement of such meeting; in the absence of such designation, the Corporate Secretary shall act as the secretary of each meeting of the Board and the committees.

### *3. Advance Materials*

To the extent practicable, the Secretary of the Company shall deliver to each member of the Board or any committee thereof, in advance of each meeting of the Board or such committee, all materials and information relating to the matters to be considered at that meeting.

### *4. Executive Sessions*

Executive sessions of the independent directors will be held after each regular meeting of the Board and at such other times as the independent directors may determine. The independent directors may request that Company personnel, consultants and other advisors make presentations or participate in discussions at such meetings.

## **E. Committees**

### *1. Standing Committees*

The Company currently has three standing committees of the Board: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The Board may establish additional committees from time to time to facilitate and assist in the execution of its responsibilities. These committees shall generally address issues that, because of their complexity, technical nature, time requirements, or corporate governance principles, cannot be adequately or appropriately addressed at meetings of the entire Board. The Board may dissolve a committee at any time to the extent consistent with applicable law, the Bylaws and the NASDAQ listing standards.

### *2. Responsibilities of Committees*

Each Committee shall promptly inform the Board of the actions taken or issues discussed at its meetings. This will generally take place at the next Board meeting following a committee meeting.

The purposes, duties and responsibilities of each committee of the Board are set forth in the charter for such committee approved by the Board.

### *3. Evaluation and Compensation of Chief Executive Officer and Succession Planning*

The Compensation Committee, based on input from the entire Board, shall annually evaluate the performance of the Company's Chief Executive Officer (the "CEO"). The evaluation shall be based on the criteria and principles established by that committee.

The Compensation Committee shall be responsible for determining the appropriate compensation to be paid to the CEO. In making its decision, the Compensation Committee will consider the CEO's performance, the Company's performance, the recommendations of independent consultants, if any, and reviews of compensation paid to other chief executive officers at comparable companies.

The Nominating and Corporate Governance Committee shall develop a succession plan for the CEO and other senior executives. The succession plan shall include the policies and principles underlying the succession of the CEO, including policies regarding succession in the event of an emergency or the retirement of the CEO.

### *4. Qualifications of Members*

The Audit, Compensation and Nominating and Corporate Governance Committees shall consist of directors who are "independent," as defined from time to time by NASDAQ Marketplace Rules and the Securities Exchange Act of 1934, as amended and the rules and regulations thereunder (the "Exchange Act"). Audit committee members shall meet the financial competency requirements of the NASDAQ Marketplace Rules and the Exchange Act. A member of the audit committee who is designated as an "audit committee financial expert" shall also meet the financial competency requirements of the Exchange Act. Each committee charter shall set forth any additional membership requirements.

### *5. Committee Assignments*

The members of each Board committee and each committee's respective chairperson shall be appointed by the Board.

## **F. Board Access to Management**

Every Board member shall have full access to the members of management of the Company. It is assumed that Board members will use judgment to ensure that this contact is not unnecessarily distracting to the business operations of the Company and that such contact, where appropriate, be arranged through the CEO or the Secretary so that the appropriate expertise and information is available.

### **G. Access to Advisors**

The Board and each of its committees shall have the authority, at the expense of the Company, to retain such independent accounting, legal and other advisors as it deems appropriate without management approval.

### **H. Compensation of Non-Employee Directors**

The level of compensation of non-employee directors shall be evaluated and recommended by the Compensation Committee and approved by the Board from time to time.

Any stock-based compensation paid to the members of the Board or the executive officers of the Company must be approved by the Compensation Committee of the Board and, as required by the NASDAQ or the Securities and Exchange Commission, any plan pursuant to which such stock-based compensation is paid must be approved by the stockholders of the Company.

The Compensation Committee shall review director compensation annually.

### **I. Review of These Corporate Governance Guidelines**

The Nominating and Corporate Governance Committee shall periodically review these Corporate Governance Guidelines and recommend appropriate changes to the Board.

*Adopted: October 17, 2006; Amended and Restated: May 6, 2009*

## **Annex A**

The Board, in determining the independence of a director, will consider all material relationships, including any material commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others. The Board, in assessing the materiality of a director's relationship(s) with the Company, will consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. No officer or employee of the Company may be determined to be independent, nor may any person who has a relationship with the Company which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

In addition, the following persons shall not be considered independent:

- a. a director who is, or at any time during the past three years was, employed by the Company or by any parent or subsidiary of the Company;
- b. a director who accepted, or who has a Family Member who accepted, any payments from the Company or any parent or subsidiary of the Company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence
  - i. compensation for board or board committee service;
  - ii. payments arising solely from investments in the Company's securities;
  - iii. compensation paid to a Family Member who is a non-executive employee of the Company or a parent or subsidiary of the Company;
  - iv. benefits under a tax-qualified retirement plan, or non-discretionary compensation;
  - v. loans from a financial institution, provided that the loans (1) were made in the ordinary course of business, (2) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public, (3) did not involve more than a normal degree of risk or other unfavorable factors and (4) were not otherwise subject to the specific disclosure requirements of Regulation S-K, Item 404;

- vi. payments from a financial institution in connection with the deposit of funds or the financial institution acting in an agency capacity, provided such payments were (1) made in the ordinary course of business, (2) made on substantially the same terms as those prevailing at the time for comparable transactions with the general public and (3) not otherwise subject to the disclosure requirements of Regulation S-K, Item 404; or
- vii. loans permitted under Section 13(k) of the Exchange Act.

Provided, however, that in addition to the requirements contained in this paragraph (b), Audit Committee members are also subject to additional, more stringent requirements under Nasdaq Rule 4350(d).

- c. a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by the Company or by any parent or subsidiary of the Company as an executive officer;
- d. a director who is, or has a Family Member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:
  - i. payments arising solely from investments in the Company's securities; or
  - ii. payments under non-discretionary charitable contribution matching programs.
- e. a director who is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company served on the compensation committee of such other entity; or
- f. a director who is, or has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.

"Family Member" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.