

CORPORATE GOVERNANCE GUIDELINES

1. Director Qualifications

1.1 The Board will have a majority of directors who meet the criteria for independence required by the New York Stock Exchange. The Corporate Governance and Nominating Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board. Nominees for directorship will be selected by the Corporate Governance and Nominating Committee in accordance with the policies and principles in its charter. The invitation to join the Board should be extended by the Board itself, by the Chairman of the Corporate Governance and Nominating Committee and the Chairman of the Board.

1.2 The Board presently has six (6) members. However, the Board would be willing to go to a somewhat larger size in order to accommodate the availability of an outstanding candidate.

1.3 If a director significantly changes his or her primary employment during his or her tenure, that director shall tender in writing his or her resignation to the Chairman of the Governance Committee. Although the Governance Committee may find that the new circumstances do not warrant the resignation of the director, it shall nonetheless consider the question, and formally recommend to the Board whether to accept or reject the director's resignation.

1.4 No director may serve on more than three other public company boards. Directors shall advise the Corporate Governance and Nominating Committee in advance of accepting an invitation to serve on another board or advisory group for any for-profit entity (or any non-profit entity that might require a substantial amount of the director's time). The Governance Committee will evaluate the appropriateness of the director's continued Board membership under the proposed circumstances. If the Board determines that the director cannot effectively serve both on the Board and in the new position, then the director shall be asked to either not accept the new position or resign from the Board. If so requested and if the new position is accepted, the member shall tender his or her resignation.

1.5 No director may be nominated to a new term if he or she would be age 70 or older at the time of the election. It is the policy of the Company that any director who leaves the employ of the Company shall tender his or her resignation to the Board of Directors; however, the independent directors may determine by exception that it is in the Company's best interest not to accept the resignation.

1.6 The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Corporate Governance and Nominating Committee will review each director's continuation on the Board every three years. This will allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

2. Director Responsibilities

2.1 The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's 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 charter, by-laws and any indemnification agreements, and to exculpation as provided by state law and the Company's charter.

2.2 Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. 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 in writing to the directors before the meeting, and directors should review these materials in advance of the meeting.

2.3 The Board has established a policy to separate the roles and offices of Chairman of the Board and Chief Executive Officer. A non-management, independent director will be elected by the Board to the position of Non-Executive Chairman of the Board upon recommendation of the Corporate Governance and Nominating Committee. If in the future the Board combines these positions, the non-management directors are expected to elect upon recommendation of the Corporate Governance and Nominating Committee, a Lead Director from among their number. The Non-Executive Chairman or Lead Director's role is to provide a communication channel to and among the non-management directors, chair the meetings of the Board, work with non-management directors and management to set the Board meeting agendas, and otherwise assist and advise the Chief Executive Officer.

2.4 The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

2.5 The Corporate Governance and Nominating Committee, consisting of all non-management directors, will meet in executive session at least quarterly.

2.6 The Board believes that the management speaks for the Company. However, as appropriate, the Non-Executive Chairman of Lead Director may speak on behalf of the Board. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. But it is expected that Board members would do this with the knowledge of the management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

2.7 The Company is committed to fair disclosure of information without advantage to any particular analyst or investor, consistent with the Securities and Exchange Commission's Fair Disclosure Regulation ("Regulation FD"). The Board shall review, at least annually, the procedures in place to ensure compliance with Regulation FD, including:

- Training of the key senior officers in Regulation FD compliance, including the distribution of Regulation FD and any updates;
- The reporting of Regulation FD violations to the Chairman of the Audit Committee or to the Company's General Counsel;
- The Company's general disclosure protocols and procedures, which will be crafted to ensure that material non-public information is disclosed only in accordance with Regulation FD.

3. Board Committees

3.1 The Board will have at all times an Audit Committee, a Management Review and Compensation Committee and a Corporate Governance and Nominating Committee. All of the members of these committees will be independent directors under the criteria established by the New York Stock Exchange. Committee members will be appointed by the Board upon recommendation of the Corporate Governance and Nominating Committee with consideration of the desires of individual directors. It is the sense of the Board that consideration should be given to rotating periodically Board members among committees as well as the positions of Committee Chairman and Non-Executive Chairman of the Board (or Lead Director as appropriate), but the Board does not feel that rotation should be mandated as a policy.

3.2 Each committee will have its own charter which shall be approved by the full Board of Directors. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance. An annual review of the charters will

be made by each committee and proposed revisions to such charters will be approved by the full Board of Directors.

3.3 The Chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda.

3.4 The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

3.5 Each of the committee chairs shall report to the Board following each committee meeting on the principal matters reviewed or approved by the committee and its recommendations as to actions to be taken by the Board. Minutes of all committee meetings will be distributed to all directors.

3.6 The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

4. Director Access to Officers and Employees

4.1 Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications between a director and an officer or employee of the Company.

4.2 The Board welcomes regular attendance at each Board meeting of senior officers of the Company. If the CEO wishes to have additional Company personnel attendees on a regular basis, this suggestion should be brought to the Board for approval.

5. Director Compensation and Independence

5.1 The form and amount of director compensation will be determined by the Corporate Governance and Nominating Committee in accordance with the policies and principles set forth in its charter, and this Committee will conduct a periodic review of director compensation. The Corporate Governance and Nominating Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated, or violate or exceed constraints or limitations established by the Securities and Exchange Commission or the New York Stock Exchange.

5.2 The Corporate Governance Committee will annually review a report from management of the charitable contributions or pledges made by the Company during the year. Proposed contributions or pledges of contributions by the Company in unusually large amounts are subject to prior review and approval by the Governance Committee.

6. Executive Equity Ownership

6.1 The Board believes that executive officers should hold meaningful equity ownership positions in the Company to help align the interests of executive officers with those of shareholders. Executive officers are expected (but not required) to be beneficial owners of shares of the Company's common stock with a market value equivalent to at least three years of his or her base salary, within five years of adoption, or of the individual being named an officer of the corporation, whichever is later.

7. Director Equity Ownership

7.1 The Board believes that directors should hold meaningful equity ownership positions in the Company to help align the interests of directors with those of shareholders. Directors are expected (but not required) to be beneficial owners of shares of the Company's common stock with a market value equivalent to at least two years' annual retainer fees, within three years of adoption, or of the director joining the Board, whichever is later.

8. Holding Periods for Stock Acquired upon Exercise of Options and Vesting of Restricted Stock

8.1 The Board believes that, with the exception of funds necessary for payment of the exercise price of stock options and applicable taxes, it is inappropriate for executive officers or directors to immediately sell stock acquired with the exercise of options or vesting of restricted stock. The Board has established a mandatory holding period of one year for stock acquired by executive officers or directors with the exercise of options or vesting of restricted stock, net of funds necessary to pay the exercise price of stock options and for payment of applicable taxes, unless share ownership guidelines have been met.

9. Director Orientation and Continuing Education

9.1 All new directors will be appropriately oriented to the Company's business and the Board's responsibilities. This orientation will include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its internal and independent auditors. In addition, the orientation will include visits to Company headquarters and, to the extent practical, certain of the Company's stores. All other directors are also invited to attend the orientation.

9.2 The Corporate Governance Committee will develop and oversee an educational program for directors that orients new directors and helps experienced directors stay current. During the course of his or her three year term on the Board, each independent director will attend at least one ISS endorsed director education program and will provide feedback on the program to the full Board.

10. CEO Evaluation and Management Succession

10.1 The Corporate Governance and Nominating Committee will conduct an annual review and make a report to the Board of Directors of the CEO's performance, including information from the Management Review and Compensation Committee. The Board of Directors will review the Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long- and short-term.

10.2 The Corporate Governance and Nominating Committee should make an annual report to the Board on succession planning. The entire Board will work with the Committee to nominate and evaluate potential successors to the CEO and other key executives. The CEO should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

11. Annual Performance Evaluation

11.1 The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Corporate Governance and Nominating Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance and oversee the evaluation of the Board. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

12. Amendment, Modification And Waiver

12.1 These Guidelines may be amended, modified or waived by the Board of Directors and waivers of these Guidelines may also be granted by the Nominating & Governance Committee, subject to the disclosure and other provisions of the Securities and Exchange Act of 1934, the rules promulgated thereunder and the applicable rules of the New York Stock Exchange.