

# GUIDELINES FOR DIRECTORS AND BOARD GOVERNANCE

## 1. Introduction

The following Guidelines for Directors and Board Governance (the “Guidelines”) have been adopted by the Company’s Board of Directors (the “Board”) to assist the Board in the exercise of its responsibilities. The Guidelines are subject to amendment from time to time by the Board.

## 2. Board Committees

The standing committees of the Board are the Executive Committee, the Audit Committee, the Compensation Committee and the Corporate Governance Committee (each, a “Committee”). Each Committee shall have a written charter, which describes the Committee’s authority and responsibilities and which will be approved by the Board. The number of members of each Committee shall be specified in its charter. The members of each Committee shall be appointed by the Board from among the directors and may be removed at any time by the Board for any reason or no reason. Each member of each Committee (other than the Executive Committee) must be an Independent Director. Each Committee shall report regularly to the Board concerning the Committee’s activities.

## 3. Board Size and Independence

The Company’s bylaws provide that the Board shall not have less than one nor more than ten directors. The Board shall fix the exact number of directors at any time after considering the recommendations of the Corporate Governance Committee.

A majority of the directors must be independent. For a director to be independent, the Corporate Governance Committee must affirmatively determine that such director does not have any material relationship with the Company or any of its subsidiaries, taking into account all applicable regulatory requirements (including the requirements set forth in NASDAQ Marketplace Rule 5600) and such other factors as such Corporate Governance Committee may deem appropriate.

In making these determinations, the Corporate Governance Committee shall review information provided by such director and the Company with regard to such director’s business and personal activities as they may relate to the Company. The Corporate Governance Committee shall be responsible for developing clear standards for making such determinations which take into account all applicable regulatory requirements.

## 4. Board Membership

As detailed in the Corporate Governance Committee’s charter, the Corporate Governance Committee shall be responsible for identifying and recommending to the Board individuals to potentially serve as directors of Company. Prior to making its recommendations for director candidates, the Corporate Governance Committee shall discuss the

qualifications of each individual being considered with other directors and with each of the Chairman and the Chief Executive Officer of the Company.

The Corporate Governance Committee shall consider all director nominations on an annual basis.

Each director elected to serve on the Board shall serve for one year unless re-elected or until their successors have been duly appointed and qualified or such director's earlier death, resignation or removal in accordance with the Company's bylaws.

## 5. Qualifications of Directors

The Corporate Governance Committee believes that members of the Board must possess certain basic personal and professional qualities in order to properly discharge their duties to the Company and its stockholders in accordance with applicable law, the Company's various charter documents and the standards set forth in these Corporate Governance Guidelines. It is therefore the policy of the Corporate Governance Committee that all persons nominated to serve as a director of the Company should possess the minimum qualifications set forth on Annex A hereto. These qualifications are meant to apply to candidates nominated by the Company's stockholders, by management, the Board, the Corporate Governance Committee or any other committee of the Board and candidates recommended by an outside consultant hired to recruit candidates. The Corporate Governance Committee should discuss in detail whether a particular candidate meets these qualifications and, if necessary, should request additional information or documentation regarding the candidate before making any recommendation about the qualifications of the candidate. These qualifications are only threshold criteria and the Committee shall also consider the contributions that a candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances.

## 6. Change in Position of Director

Any director whose principal occupation or business or relevant personal activities substantially changes following his or her election or reelection as a director as soon as practicable prior to or upon such change should notify the Corporate Governance Committee of such change and, if appropriate, offer to resign from the Board. The Corporate Governance Committee shall, after consulting with the Chairman of the Board, recommend to the Board whether such director should be asked to remain as a director, to resign or to remain a director only until the next election.

## 7. Responsibilities of the Board

Each director shall have the duty to exercise his or her business judgment in good faith and in a manner that he or she reasonably believes to be in the best interests of the Company.

The Board shall conduct a self-evaluation at least annually to determine whether it and its Committees are functioning effectively and properly. The Corporate Governance Committee shall assist the Board in its review.

The Board has delegated to the Executive Committee and the Chairman and the Chief Executive Officer of the Company, working with the other executive officers of the Company, the authority and responsibility for managing the business of the Company in a manner consistent with the standards and practices of the Company, and in accordance

with any specific plans, instructions or directions of the Board. The Chairman and the Chief Executive Officer and management of the Company are responsible to seek the advice and, in appropriate situations, the approval of the Board with respect to extraordinary actions to be undertaken by or on behalf of the Company.

## 8. Board Meetings

The Board shall meet at least quarterly and may meet more frequently if the Chairman of the Company deems it appropriate. Directors are expected to attend all Board meetings and meetings of the Committees on which they serve in the manner permitted by the Company's bylaws. A meeting agenda, along with any information or materials that are important to the directors' understanding of the meeting agenda and/or the Company's business should be distributed to each director a reasonable period of time prior to each meeting. Directors should carefully review such information and materials prior to the applicable meeting. Sensitive subject matters may be discussed at a meeting without written materials being distributed to directors in advance or at the meeting. Each director should make his or her reasonable effort to be reasonably available to management and the other directors for consultation between meetings.

Non-management directors shall meet without management directors or other members of management in special executive sessions at each quarterly Board meeting. The Lead Independent Director shall chair these meetings of the non-management directors.

Directors are strongly encouraged to attend the annual meeting of stockholders of the Company.

## 9. Committee Membership

The Corporate Governance Committee is responsible for recommending Committee membership and objectives to the Board each year. In developing these recommendations, the Corporate Governance Committee shall take into account the background and experience of the individual directors and the desirability of rotating assignments in appropriate situations.

## 10. Board Compensation Levels

As detailed in the Compensation Committee's charter, the Compensation Committee shall examine Board compensation in relation to compensation paid by the other comparable companies and shall update the Board in respect thereof at one meeting per year. Director fees and benefits should be determined with appropriate reference to the fees and benefits for directors of comparable companies. In order to ensure that the interests of the directors of the Company are closely aligned with the interests of the stockholders of the Company, a portion, as determined by a policy developed by the Compensation Committee, of each director's compensation should be in the form of Company equity. The Compensation Committee shall also develop a policy governing the vesting and exercise of such equity compensation. Any changes in compensation (including equity compensation) for Board service must be recommended by the Compensation Committee.

## 11. Board and Committee Compensation

Director and committee member compensation shall be the sole remuneration from the Company for directors, provided that directors may be compensated for certain out-of-pocket costs and expenses associated with their service to the Company in accordance with the Company's Travel & Entertainment Policy.

## 12. Board and Committee Agendas

The Chairman of the Board, in consultation with the Lead Independent Director, the other directors and senior management, shall develop the agenda for each Board meeting. The Chairman of the applicable Committee, in consultation with the Lead Independent Director and the Chairman of the Board, sets the agenda for each Committee meeting. The Board and each Committee expects to receive candid and timely information from management on plans and potential problems and to be given an opportunity to ask questions and discuss strategic decisions with management before any such decisions are made.

## 13. Director Access to Managers and Outside Advisors

The Board and each director may consult with any manager or employee of the Company at any time. The Board or any Committee, upon the approval of a majority of the members of the Board or such Committee, may consult with any outside advisor to the Company at any time; provided that no material non-public information about the Company may be disclosed to any such advisor before such advisor executes a non-disclosure agreement with the Company. If appropriate, it is expected that the Board or such Committee will inform the Chairman of the Company and the Chief Legal Officer when significant issues are being discussed with any advisor. The Board shall have access to the books and records of the Company.

The Board, as well as each Committee (as set forth in their respective charters), shall have the right to retain, at the Company's expense, such outside advisors as the Board or applicable Committee shall deem appropriate. Prior to retaining any external firm, advisor, expert or the like, the Committee Chair shall consult with the Company's Chief Legal Officer in order to ensure that there is no conflict of interest due to a prior and existing relationship between such party and the Company; provided that the Committee shall have the final discretion to retain any such accountants, auditors, counsel and other advisors.

## 14. Strategic Planning

The Board shall dedicate a substantial portion of at least one meeting per year to presentations by management and a discussion of the Company's strategic plan. The Board also expects management to report periodically to the Board on the Company's programs and actions to implement the strategic plan.

## 15. Succession Planning

The Board shall dedicate a portion of at least one meeting per year to succession planning for senior management of the Company. The non-management directors shall perform a performance review of the Chairman and the Chief Executive Officer of the Company on no less than an annual basis. The standards for the Chairman and the Chief Executive Officer's review shall be determined by the Compensation Committee and will include annual performance goals and objectives. The Compensation Committee should monitor issues associated with the Chairman and the Chief Executive Officer succession and management development, and regularly report to the Board on these issues. This includes issues associated with preparedness for the possibility of an emergency situation involving senior management, the long-term growth and development of the senior management team, and identifying the Chairman's and the Chief Executive Officer's respective successors.

## 16. Orientation and Continuing Education

When a new director joins the Board, management will provide an orientation program to enable the new director promptly to gain an understanding of the Company and its industry. The Board and the Company's management will work together to develop and provide appropriate continuing education programs, at the Company's expense, to assist directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. Additionally, each director is expected to take steps reasonably necessary to be adequately informed about the Company, its industry and external matters affecting it and to enable the director to function effectively on the Board and the Committees on which the director serves.

## 17. Outside Directorship by Executive Officers

Each director and executive officer shall advise the Board, through the Chief Legal Officer of the Company, of all of his or her directorships in other publicly-held companies. The Board, through its Chairman or the Chairman of the Executive Committee, may limit the allowable number of such directorships for any director or executive officer if it believes that such positions will interfere with the director's or executive officer's responsibilities to the Company.

## 18. Policy on Majority Voting

The Company's policy on majority voting is set forth in the Company's bylaws.

## 19. Periodic Review

These Guidelines shall be reviewed periodically and, if necessary, amended. The Corporate Governance Committee shall review these Guidelines on an annual basis to ensure that they remain suitable for the needs of the Company and continue to comply with all applicable law, rules and regulations. The Corporate Governance Committee shall recommend any required amendments to the Board.

The Corporate Governance Committee shall also review the Certificate of Incorporation and bylaws of the Company on an annual basis in order to ensure that they remain appropriate to the then current situation and circumstances of the Company, as well as reflect the latest developments under applicable law, rules and regulations. The Corporate Governance Committee shall recommend needed changes to the Board.

## 20. Communications with Stockholders

All communications between the Board and the stockholders of the Company shall be in compliance with the Company's Communications Policy.

## 21. Changes in the Law

The Board is responsible for staying informed of changes in applicable laws, rules and regulations. If any such changes arise, the Board shall act as promptly as reasonably necessary to ensure that policies are adopted or amended to implement such changes. The Board shall consult outside counsel regarding applicable laws, rules and regulations.

## 22. Recovery of Improperly-Awarded Incentive Compensation

The Company will use commercially reasonable efforts to implement the following policy through the insertion of contractual provisions in new agreements with applicable employees and through any amendments that may be entered into after the date of the adoption of this policy on November 12, 2010 to existing agreements with Executives (as defined below).

The Board may require the reimbursement of any bonus or incentive compensation awarded to an Executive and/or effect the cancellation of unvested restricted stock or outstanding stock option awards previously granted to an Executive, in each case, on or after the adoption of this policy on November 12, 2010, but in no event more than four years after the award of such compensation where: (1) the payment was predicated upon achieving certain financial results that were subsequently determined to have been erroneously reported; (2) the Board determines that the Executive engaged in knowing or intentional fraudulent or illegal conduct that caused or substantially caused such erroneous reporting to have occurred; and (3) a lower payment would have been made to the Executive based upon the corrected financial results. In each instance, the Board may, to the extent practicable under applicable law, seek to recover from such Executive on or after the adoption of this policy that was subsequently reduced due to the correction of erroneous reporting and/or effect the cancellation of outstanding restricted stock or stock option awards previously granted to such Executive on or after the date of the adoption of this policy in the amount by which such Executive's bonus or incentive payments for the relevant period exceeded the lower payment that would have been made based on the corrected financial results.

The Board shall render a determination pursuant to this policy in each instance where both an erroneous report of financial results has affected the size of a bonus or incentive compensation awarded to an Executive, and where the Board is aware of credible evidence that the Executive may have engaged in such fraudulent or illegal conduct. In determining whether to recover a payment, the Board shall take into account such considerations as it deems

appropriate, including, without limitation, whether the assertion of a claim against the Executive could violate applicable law or prejudice the Company's overall interests and whether other penalties or punishments are being imposed on the Executives, including by third parties, such as law enforcement agencies, regulators or other authorities. The Board shall have sole discretion in determining whether an Executive's conduct has or has not met any particular standard of conduct under law or Company policy. Any recovery under this policy may be in addition to any other remedies that may be available to the Company under applicable law, including disciplinary actions up to and including termination of employment.

For purposes of this policy, the term "Executive" means an "executive officer" as defined in Rule 3b-7 of the Securities Exchange Act of 1934. The right of the Board to assert a recovery claim under this policy shall not survive the occurrence of a change in control of the Company as defined in the relevant incentive compensation plan. This policy shall apply in addition to any right of recovery against the Chief Executive Officer and the Chief Financial Officer under Section 304 of the Sarbanes-Oxley Act of 2002. The Board may delegate one or more of the duties or powers described in this policy to one or more committees of the Board consisting of solely Independent Directors.

## 23. Adoption of Shareholder Rights Plans

The Board shall be required to submit any arrangement providing for dilution of ownership of a person seeking control of the Company (commonly identified as a "stockholder rights plan" or "poison pill") that is greater than 12 months in duration to a vote of stockholders at the first annual meeting of stockholders to be held 90 days or more after the effective date thereof, provided, however, that if such an arrangement has been terminated as of the date of such meeting, no vote shall be held.

## Annex A: Qualifications of Directors

- 1. Integrity:** Candidates must be individuals of personal and professional integrity and ethical character, who recognize and value these qualities in others.
- 2. Absence of Conflicts of Interest:** Candidates should not have any interests that would materially impair his or her ability to (i) exercise independent judgment, or (ii) otherwise discharge the fiduciary duties owed as a director to the Company and its shareholders, including in violation of the Company's Conflict of Interest Guidelines.
- 3. Fair and Equal Representation:** Candidates must be able to represent fairly and equally the long-term interests of all of the Company's shareholders without favoring or advancing any particular shareholder or other constituency of the Company.
- 4. Achievement:** Candidates must have demonstrated achievement in one or more fields of business, professional, governmental, communal, scientific, technological or educational endeavor, with superior credentials and recognition.
- 5. Oversight:** Candidates are expected to have sound judgment, borne of management or policy-making experience (which may be as an advisor or consultant), that demonstrates an ability to function effectively in an oversight role (including an inquisitive and rigorous manner of monitoring).

- 6. Experience and Business Understanding:** Candidates should have relevant or relatable expertise and experience, and be able to offer advice and guidance to management based on that expertise and experience. In addition, candidates must have a general appreciation regarding key issues facing public companies of a size and operational scope similar to the Company, including:
- corporate governance concerns;
  - regulatory obligations of a public issuer; strategic business planning;
  - competition in a global economy; and basic concepts of corporate finance.
- 7. Available Time:** Candidates must have sufficient time available to devote to the affairs of the Company adequate time to the Board and its committees, and be fully prepared to devote such time. It is expected that each candidate will be available to attend substantially all meetings of the Board and any committees on which the candidate will serve, as well as the Company's annual meeting of shareholders, after taking into consideration their other business and professional commitments, including service on the boards of other companies. The Board should include at least some directors that are committed to service on the Board for an extended period of time.
- 8. Diversity:** The Committee will seek to promote through the nominations process an appropriate diversity on the Board of professional background, experience, expertise, perspective, age, gender, ethnicity and country of citizenship. Candidates should be able to cooperate with the rest of the Board members and should contribute to the collegiality of the Board.
- 9. Age and Term Limits:** The Company does not have any specific age or term limits for directors, but the age of a particular candidate should be considered in conjunction with the other qualifications described herein.
- 10. Additional Qualifications:** In approving any nominee for election as director, the Committee will also ensure that:
- the Executive Chairman and/or the Chief Executive Officer of the Company is included on the Board;
  - at least two-thirds of the directors serving at any time on the Board are independent, as defined under Nasdaq rules, and each of the directors serving at any time on the Committee, the Audit Committee and the Compensation Committee are independent, as defined under the applicable rules of the Securities and Exchange Commission and the Nasdaq;
  - at least three of the directors satisfy the financial literacy requirements required for service on the Audit Committee under Nasdaq rules;
  - at least one of the directors qualifies as an audit committee financial expert under the rules of the Securities and Exchange Commission;
  - at least some of the Independent Directors have experience as senior executives of a public or substantial private company; and
  - at least some of the Independent Directors have general familiarity with an industry or industries in which the Company conducts a substantial portion of its business or in related industries.
- 11. Limited Exceptions:** Under exceptional and limited circumstances, the Committee may approve the candidacy of a nominee who does not satisfy all of these requirements if it believes the service of such candidate would be in the best interests of the Company and its shareholders.