



PRINCIPLES OF CORPORATE GOVERNANCE

The Board of Directors derives its authority from the laws of the State of Delaware, the Company's Charter and its By-Laws. The business and affairs of the Company are governed either directly by the Board or under its authority and direction. The Board functions in the best interests of the stockholders and the Company and in accordance with the rules and regulations promulgated by the U.S. Securities and Exchange Commission and the New York Stock Exchange.

I. BOARD SELECTION, COMPOSITION AND PERFORMANCE

- A. The Corporate Responsibility & Governance Committee shall establish written criteria for candidates for directorships and periodically review with the full Board Director succession planning. Candidates shall be interviewed by the Chairman of the Corporate Responsibility & Governance Committee, with the participation of members of the Corporate Responsibility & Governance Committee and such other Board members or members of management as may be appropriate. Invitations to join the Board will be extended by the full Board via the Chairman of the Board.
- B. A majority of the Board shall be composed of Directors who the Board has determined have no material relationship with the Company and who are otherwise "Independent." "Independent" shall mean the Director is independent within the meaning of the rules of the New York Stock Exchange as such rules are interpreted by the Board in its business judgment. The Board shall review the status of each candidate for Director prior to his or her election to the Board and each Director annually to determine if he or she meets and continues to meet the requirements to be considered "Independent."
- C. New Directors must participate in an orientation process that includes reviewing materials regarding the Company's business and operations and meetings with key personnel.
- D. Directors are encouraged to participate in continuing education relating to their position as Directors and the Company shall from time to time inform Directors of available opportunities. Directors will be reimbursed by the Company for all reasonable costs and expenses in connection with their participation in continuing education programs.
- E. Directors shall not stand for re-election after reaching age 75.



- F. Directors shall maintain relevance in the business community and shall not become stale or stagnant in their knowledge of, or engagement with, the Company. In the absence of clear demonstration of the same, or in the case of irrelevance on the Board, the Corporate Responsibility & Governance Committee shall seek the resignation of such Director.
- G. To align the interests of the Board with the interests of the stockholders and the Company, all Directors shall be required to acquire and hold common stock of the Company according to guidelines established by the Corporate Responsibility & Governance Committee.
- H. The Corporate Responsibility & Governance Committee shall establish and manage a process to evaluate the size and effectiveness of the Board and its committees and the effectiveness of the Directors annually. The results of the evaluation of the Board shall be discussed with the Board and the results of the evaluation of each committee shall be discussed by such committee. The Chairman of the Corporate Responsibility & Governance Committee, in conjunction with the Chairman of the Board, will discuss with each Director, as needed, the results of the evaluation of such Director.
- I. Whenever a Director experiences a change in professional status (including retirement from the Company by any employee Director), he or she shall offer his or her resignation to the Corporate Responsibility & Governance Committee for consideration. Such Committee shall determine whether the resignation should be accepted, giving due consideration to all relevant factors, including the intention that absent extraordinary circumstances, any former Chief Executive Officer of the Company shall not continue to serve on the Board.
- J. Whenever a Director seeks to join a new, public company board of directors, he or she shall inform the Company and the Corporate Responsibility & Governance Committee for the purposes of clearing any actual or potential conflict of interest.
- K. Any incumbent Director who is a nominee for election and who is not reelected shall promptly tender his or her resignation following certification of the vote. The Corporate Responsibility & Governance Committee shall consider the resignation offer and shall recommend to the Board the action to be taken with respect to such tendered resignation. Any Director who tenders his or her resignation pursuant to this provision shall not participate in the Corporate Responsibility & Governance Committee recommendation or Board action



regarding whether to accept the resignation offer. The Board shall accept such resignation unless it determines that the best interests of the Company and its stockholders would not be best served by doing so. The Board shall take action within 90 days following certification of the vote, unless such action would cause the Company to fail to comply with any requirement of the New York Stock Exchange or any rule or regulation promulgated under the Securities Exchange Act of 1934, in which event the Company shall take action as promptly as is practicable while continuing to meet such requirements. The Board will promptly disclose its decision and the reasons therefore, in a Form 8-K furnished to the Securities and Exchange Commission.

- L. The Chief Executive Officer shall seek the approval of the Corporate Responsibility & Governance Committee before accepting for-profit outside company board memberships.
- M. The Corporate Responsibility & Governance Committee shall make recommendations on all corporate governance matters, including these Principles of Corporate Governance, and shall conduct a review of such matters at least annually with the Board.
- N. The Human Resources Committee shall annually review and recommend to the Board the compensation of outside Directors.
- O. The Board may, at a cost to the Company, seek legal or other expert advice from a source independent of management, and the Board may engage professionals directly for this purpose. To the extent practicable, this should be done with the knowledge and concurrence of the Chief Executive Officer.

II. BOARD OPERATIONS AND MEETING ATTENDANCE

- A. The Board shall meet not less than five times per year in regularly scheduled meetings but shall meet more often if necessary.
- B. Directors are expected to attend in person regularly-scheduled meetings of stockholders and the Board, except when circumstances prevent such attendance. When such circumstances exist or in the case of special meetings, Directors may participate by telephone or other electronic means and will be deemed present at such meetings if they can both hear and be heard.
- C. A majority of the Board shall constitute a quorum for the transaction of business



at any meeting of the Board. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

- D. The Chairman and the Chief Executive Officer jointly shall establish the agenda for each meeting and will issue a schedule of agenda subjects to be discussed for the ensuing year at the beginning of each year (to the degree these can be foreseen). Any Director may suggest additional agenda items.
- E. Materials addressing significant matters to be reviewed by the Board or a committee shall be sent in advance of the meeting whenever practicable.
- F. Executive sessions of non-management Directors, with no members of management present, will be held in conjunction with each regular Board meeting as deemed necessary and may be called at any other time as necessary. Non-management directors who are not Independent under the rules of the New York Stock Exchange may participate in these executive sessions. Independent Directors will meet separately in executive session at least once per year.

III. COMMITTEE STRUCTURE

- A. The standing committees of the Board are the Audit Committee, the Corporate Responsibility & Governance Committee and the Human Resources Committee, each of which will be composed entirely of the Independent Directors.
- B. Each committee shall operate pursuant to a written charter, which will be reviewed annually by the committee and will conform to the Principles of Corporate Governance. Each committee also shall evaluate its size and effectiveness annually.
- C. The Board shall appoint Directors to committees and select the committee chairmen based upon the recommendations of the Corporate Responsibility & Governance Committee. No Director may serve as chairman of the Board or any committee for more than three years, provided that (i) the Corporate Responsibility & Governance committee may recommend to the Board, and the Board may approve, a single extension of the term of a chairman of the Board or any committee for an additional three years once the chairman's initial three-year term has ended and (ii) the Corporate Responsibility & Governance Committee may recommend to the Board, and the Board may approve, extending the term of the chairman of the Board or any committee beyond six years if it deems such an extension to be in the best interest of the stockholders and the Company.



- D. The Corporate Responsibility & Governance Committee shall periodically review committee membership for purposes of succession planning.
- E. The committees shall meet on a regular basis and in addition at the call of the committee chairmen.
- F. The committee chairmen shall establish the agendas for the meeting with guidance from the other committee members and the Board.

IV. BOARD RELATIONSHIP TO SENIOR MANAGEMENT

- A. Non-employee Directors shall meet with members of management on an informal basis to discuss Company matters.
- B. Members of senior management may be invited to attend Board or committee meetings, as may other employees essential to the matter under consideration.
- C. The Board shall approve annually the Company's business plans, budgets and strategies and periodically review such plans, budgets and strategies.

V. LEADERSHIP DEVELOPMENT

- A. The Human Resources Committee shall recommend to the Board candidates for election as senior officers, and update the Board from time to time on any search, whether internal or external, for the position of Chief Executive Officer.
- B. The Human Resources Committee shall determine the compensation of the Chief Executive Officer and shall review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate performance in light of those goals and objectives, and determine the salary, bonus, and other benefits of the Chief Executive Officer based on this evaluation.
- C. The Board shall be updated regularly by the Chief Executive Officer on developmental and succession planning for possible successors to the position of Chief Executive Officer as well as planning for other key senior management positions.