



STANDARDS FOR DETERMINING DIRECTOR INDEPENDENCE

The independence of directors is evaluated by the Board of Directors by applying the definition of "independent director" contained in Nasdaq Marketplace Rules. See Nasdaq Marketplace Rule 5605(a)(2). A summary of pertinent requirements appears below:

The following persons shall not be considered independent:

- a director who is, or at any time during the past three years was, employed by the company
- a director who accepted (or had a family member who accepted) any payments from the company in excess of \$120,000 during any period of twelve consecutive months within the past three fiscal years, other than the following:
 - compensation for board or committee service
 - payments arising solely from investments in the company's securities
 - compensation paid to a family member who is a non-executive employee of the company
 - benefits under a tax-qualified retirement plan or non-discretionary compensation
 - permitted loans
- a director who is a family member of an individual who is, or at any time during the past three years was, an executive officer of the company
- a director who is, or has a family member who is, a partner in, 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, except for:
 - payments arising solely from investments in the company's securities
 - payments under non-discretionary charitable contribution matching programs
- 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 listed company serve on the compensation committee of such other entity
- 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

For members of the Audit Committee, additional independence criteria are applied as prescribed by Nasdaq Marketplace Rules (see Rule 5605(c)(2)) and the General Rules and Regulations promulgated under the Securities Exchange Act of 1934 (see Rule 10(A)-3(b)(1)). A summary of pertinent requirements under Rule 10(A)-3(b)(1) is as follows:

- Each member of the audit committee must be a member of the board of directors
- A member of audit committee may not
 - Accept directly or indirectly any consulting, advisory, or other compensatory fee from the issuer other than in his or her capacity as a board or committee member
 - Be an affiliate of the issuer (as defined in Rule 10(A)-3(e)(1)).