

CORPORATE GOVERNANCE GUIDELINES

As Approved by the Board of Directors

Revised April 1, 2004

COMPOSITION OF THE BOARD

1. Director Independence.

To be considered “independent,” a director must be determined to have no material relationship with the Company other than as a director. The Board of Directors (the “Board”) has adopted the following standards for determining director independence.

In no event will a director be considered “independent” if, within the preceding three years, he or she:

1. Was an employee of the Company or its subsidiaries;
2. Was a former executive of the Company or its subsidiaries;
3. Was a former interim CEO if the service was longer than one year or if the service was between six months and a year and the compensation was high relative to that of the other directors (5x their pay) or in line with a CEO’s compensation;
4. Was a former executive of an acquired firm;
5. Was an executive of a former parent or predecessor firm at the time the Company was sold or split off from the parent/predecessor;
6. Was an executive, former executive, general or limited partner of a joint venture or partnership with the Company;
7. Was an immediate family member of former executive or current employee of the Company or its subsidiaries;
8. Currently provides (or an immediate family member provides) professional services to the Company or its subsidiaries or to its officers;
9. Was employed by (or an immediate family member was employed by) a significant customer from whom the Company receives annual payments exceeding the greater of \$200,000 or five percent of the customer’s gross revenues;
10. Was employed by (or an immediate family member was employed by) a significant supplier to whom the Company makes annual payments exceeding the greater of \$200,000 or five percent of the supplier’s gross revenues
11. Has (or an immediate family member has) any transactional relationship with the Company or its subsidiaries excluding investments in the Company through a private placement;
12. Has a contractual/guaranteed board seat and is party to a voting agreement to vote in line with management on proposals being brought to shareholders;

13. Has (or an immediate family member has) an interlocking relationship as defined by the SEC involving members of the board of directors or its Compensation and Stock Option Committee;
14. Was (or an immediate family member was) a trustee, director or employee of a charitable or non-profit organization that receives grants or endowments (in excess of \$100,000) from the Company or its subsidiaries.

The full Board will make affirmative determinations of the independence of each director. Such determinations shall be made using the standards and processes approved and adopted from time to time by the full Board. Such determinations, as well as the standards and processes applied in making them, will be disclosed to stockholders in accordance with the requirements of the NASDAQ Stock Market. Immediate family member shall mean an individual having a close familial relationship, such as father, mother, brother, sister, son, daughter or someone related to such persons through marriage.

2. Mix of Directors.

The Board believes that, as a matter of policy, there should be a majority of Independent Directors on the Board. The Board expects to have among its members a limited number of Non-Independent Directors, but at least the Chief Executive Officer.

3. Size of the Board.

It is the sense of the Board that a range of 8 to 10 is desirable. There may, however, be times when it is desirable to have more than 10, particularly during periods of transition when new Directors may "overlap" with retiring Directors.

4. Board Membership Criteria.

The Governance and Nominating Committee is responsible for reviewing with the Board on an annual basis the appropriate skills and characteristics required for the Board in total. This should be compared with the skills and characteristics already represented on the Board.

The Governance and Nominating Committee shall evaluate incumbent directors based on the same criteria as is used for selection of new director candidates, as well as their past performance on the Board.

5. Former Chief Executive Officer's Board Membership.

The Board believes that this is a matter to be decided in each individual instance. It is expected that when the Chief Executive Officer resigns from that position, he or she will offer to resign from the Board at the same time. Whether the individual continues to serve on the Board is a matter for discussion at that time with the new Chief Executive

Officer and the Board.

6. Selection of New Director Candidates.

The Board should be responsible for nominating candidates to become Directors, with the screening process involved delegated to the Board's Governance and Nominating Committee. It is expected that this committee will have direct input from the Chairman and from the Chief Executive Officer. Input will also be solicited from the other members of the Board.

The Governance and Nominating Committee will seek to identify, and the Board will select director candidates who: (i) have significant business or public experience that is relevant and beneficial to the Board and the Company, (ii) are willing and able to make a sufficient time commitment to the affairs of the Company in order to effectively perform the duties of a director, including regular attendance of Board meetings and committee meetings, (iii) are committed to the long-term growth and profitability of the Company, (iv) are individuals of character and integrity, (v) are individuals with inquiring minds who are willing to speak their minds and challenge and stimulate management and (vi) represent the interests of the Company as a whole and not only the interests of a particular stockholder or group.

7. Stockholder Recommendations for Director

The Governance and Nominating Committee shall consider new director candidates recommended by the Company's stockholders to the extent such recommendations are made in compliance with applicable laws, rules and regulations, the Company's Bylaws and procedures established by the Governance and Nominating Committee. Director candidates recommended by stockholders shall be evaluated by the Governance and Nominating Committee based on the same criteria outlined above to be applied to director candidates identified by the Governance and Nominating Committee.

8. Extending the Invitation to a New Potential Director to Join the Board.

The invitation to join the Board should be extended by the Chairman of the Governance and Nominating Committee, who may choose to have the Chairman of the Board or the Chief Executive Officer participate in the invitation as well.

9. Directors Who Change Their Present Job Responsibility.

It is the sense of the Board that individual Directors who change the job responsibility they held when they were elected to the Board (except when they are promoted within their company) should volunteer to resign from the Board.

It is not the Board's view that Directors who retire or change from the positions they held when they joined the Board should necessarily leave the Board. There should, however,

be an opportunity for the Board, through its Governance and Nominating Committee, to review the continued appropriateness of Board membership under the changed circumstances.

10. Term Limits.

The Board does not believe that it should establish term limits. While term limits could help to assure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contributions of Directors who have been able to develop, over a period of years, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

Instead of term limits, the Board believes that its Governance and Nominating Committee should review each Director's contribution annually to determine that a director's performance meets acceptable standards. Every three years, prior to the Director's nomination for reelection, the Governance and Nominating Committee will complete a comprehensive evaluation of the Directors skills and compatibility with the needs of the Company. Members of the Governance and Nominating Committee, however, will not participate in deliberations about their own performance.

11. Retirement Age.

At each Annual Meeting of Stockholders, the successors to the class of Directors whose terms shall then expire shall be elected to hold office for a term expiring at the third succeeding annual meeting, except that no Director shall stand for reelection after reaching the age of 70.

OPERATION OF THE BOARD AND ITS COMMITTEES

12. Director Responsibilities.

Each Director is expected to devote the necessary time and attention to fulfill the obligations of a director, and is expected to attend Board and committee meetings whenever possible. Directors are expected to represent all of the stockholders effectively through the (a) prudent exercise of judgment; (b) fair balance of interests of constituencies; and (c) appropriate stewardship of Company resources. As a group, directors are expected to set the appropriate policy for the Company, and to bring to the Board broad experience in business matters and a diversity of experience.

13. Assessing the Board's Performance.

The Chairperson of each Board committee will report annually to the Board an assessment of his or her committee's performance. The report will include an analysis of the performance of the committee relative to its "Charter".

The reports will be discussed with the full Board, preferably at the same time as the Board discusses the Board membership criteria.

These reports will help in the assessment of the Board's contribution as a whole and will provide a review of specific areas in which the Board and/or management believe a better contribution could be made. The purpose of this process is to improve the effectiveness of the Board, not to target any individual Board members.

14. Number and Conduct of Meetings

The Board and its Committees will meet as frequently as needed for the directors to discharge properly their responsibilities. Regular meetings of the Board are held four times per year and special meetings are held as necessary.

Board and Committee meetings will be conducted in a manner that ensures open communication, meaningful participation and timely resolution of issues.

15. Board Committees.

Currently the Company has three Board committees:

1. Governance and Nominating
2. Audit
3. Compensation

Each of these committees has a "Charter", which it has prepared and which has been approved by the full Board.

The need for changes in the number, "Charters", or titles of Board committees will be reviewed annually by the Governance and Nominating Committee and then discussed with the full Board.

16. Assignment and Rotation of Committee Members.

The Governance and Nominating Committee is responsible, after consultation with the Chairman of the Board and with the Chief Executive Officer, and with consideration of the desires of individual Board members, for the assignment of Board members to various committees, subject to Board approval. Committee chairpersons will be chosen in similar fashion.

It is the sense of the Board that it is desirable that committee assignments be rotated from time-to-time, but not on a fixed schedule. There may be good reasons sometimes to maintain a Director's committee membership for a longer time than in certain other instances.

17. Frequency and Length of Committee Meetings.

The committee Chairperson, in consultation with Committee members and with input from management, will determine the frequency and length of the meetings of the Committee. (The Audit Committee will meet at least three times per year, as preferred by the Securities and Exchange Commission.)

18. Committee Agendas.

The Chairperson of the Committee, in consultation with Committee members and appropriate members of management and staff, will develop the Committee's agenda.

At the beginning of each fiscal year, each Committee will issue a schedule of agenda subjects to be discussed in the ensuing year (to the extent that these can be foreseen). This planned agenda will be shared with the Board.

19. Selection of Agenda Items for Board Meetings.

The Chairman of the Board and the Chief Executive Officer (if the Chairman is not the Chief Executive Officer) will propose the agenda for each Board meeting. The Lead Director, if any, will have an opportunity to review and comment on the proposed agenda before it is distributed to the members of the Board.

Each Board member is free to suggest the inclusion of item(s) on the agenda.

20. Board Materials Distributed in Advance.

It is the sense of the Board that information and data that are important to the Board's understanding of the business of the meeting should, when practical, be distributed in writing to the Board before the Board meets. The Company's management will make every effort to see that this material is as brief as possible while still providing the desired information.

21. Selection of Chairman and of Chief Executive Officer.

The Board will remain free to make these choices in any way it deems best for the Company at any point in time.

Therefore, the Board does not have a predetermined policy, one way or another, as to whether or not the roles of the Chief Executive Officer and of the Chairman should be separate and, if the roles are to be separate, whether the Chairman should be an Independent Director.

22. Lead Director Concept.

In the event that the Chairperson is a Management Director, the Independent Directors will, annually, choose one of their members to serve as Lead Director. Independent Directors considered candidates for Lead Director will meet the highest test of management independence.

The Lead Director will, as required, chair any meetings of the Independent Directors and will, as required, facilitate communications between other members of the Board and the Chairman and/or the Chief Executive Officer. The Lead Director will, as required, serve as spokesperson for the Independent Directors. Prior to distribution of the agenda for Board meetings, management will consult with the Lead Director concerning the agenda. Any Director, however, is free to communicate directly with the Chairman and with the Chief Executive Officer.

If the Board chooses not to have a Lead Director, the Chairperson of the Board will perform the duties of the Lead Director, except those specified under item 22.

23. Executive Sessions of Non-Management Directors.

The non-Management Directors will meet in Executive Session at least twice a year. In the event that no Lead Director has been selected, the Chairman of the Governance and Nominating Committee will schedule the meetings and will preside.

The group may meet with the Chief Executive Officer at any time, but, at the minimum, will have an annual review with the Chief Executive Officer, and also with the Chairman, if he or she is a Management Director.

24. Board Compensation.

It is the Company's policy to compensate non-Management Directors competitively relative to comparable companies.

Management Directors who are also employees receive no additional compensation for Board service.

25. Attendance at Annual Stockholder Meeting

All Board members are expected to attend the Company's annual stockholders meetings and to make themselves available to address any matters properly brought before the meetings.

26. Director Orientation and Continuing Education

The Board will ensure that newly elected Board members are provided with a director orientation session in order to (a) become better acquainted with the way the Board

functions, (b) meet with members of management, and (c) gain useful information regarding the Company and its operations.

The Company will advise Board members of opportunities for continuing education about matters of relevance.

27. Access to Independent Advisors.

The Board and each committee shall have full access to independent legal, accounting, financial and other advisors, as it deems necessary or appropriate to assist the Board or respective committee in the conduct of its duties.

BOARD INTERACTION WITH MANAGEMENT

28. Presentations.

It is the sense of the Board that presentations by senior management are beneficial not only in providing information to the Board but also in giving Board members an opportunity to evaluate these persons. Brief biographical backgrounds of presenters not familiar to the Board will be distributed in advance of the meeting with other Board material.

29. Attendance of Non-Directors at Board Meetings.

The Board specifically encourages management, from time to time, to bring into Board meetings managers who:

- a. can provide additional insight into the items being discussed because of personal involvement in these areas and/or
- b. appear to management to be persons with future potential who should be given exposure to the Board.

Such non-Directors will normally only attend their part of a Board meeting.

30. Formal Evaluation of the Chief Executive Officer and of the Chairman.

The Governance and Nominating Committee will take the lead in conducting these evaluations annually. The evaluations should be communicated to the individuals evaluated by the Outside Chairman or Lead Director and at least one other Independent Director, preferably the Chairman of the Compensation Committee (unless he or she also is the Lead Director).

31. Succession Planning.

There shall be an annual report by the Chief Executive Officer to the Board on succession planning.

There shall also be available, on a continuing basis, recommendations from the Chief Executive Officer and the Chairman regarding their successors should either of them be disabled unexpectedly.

32. Management Development.

There shall be an annual report to the Board by the Chief Executive Officer on the Company's program of management development.

This report should be given to the Board at the same time as the Succession Planning report noted above.

33. Board Access to Senior Management.

Board members have complete access to the Company's management and are encouraged to make regular contact.

Board members are normally expected to inform the Chief Executive Officer prior to contacting other members of management on any substantive matter, if the contact could be perceived as infringing on the responsibilities of the Chief Executive Officer. Members, however, are not expected to inform the Chief Executive Officer that they are contacting other members of management regarding the normal activities of their Board committees.

34. Board Interaction with Institutional Investors, the Press, Customers, Etc.

The Board believes that the Chief Executive Officer and his or her designees speak for the Company.

Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. It is, however, expected that Board members would do this with the knowledge of management and, in most instances, at the request of management.