

## GUIDELINES ON SIGNIFICANT CORPORATE GOVERNANCE ISSUES

In April 2007, the Board approved updated "Board Guidelines on Significant Corporate Governance Issues." The Guidelines are listed below. These guidelines are being published to inform shareholders of the Board's current thinking with respect to selected corporate governance issues considered to be of significance to shareholders. The guidelines are only guidelines, not rigid rules. Nor is it intended that publication of these guidelines be interpreted as a representation that they will be strictly followed in each instance. The Board will continue to assess the appropriateness and efficacy of the guidelines and it is likely that changes or exceptions to the guidelines will be considered from time to time.

1. *Selection of Chairman of the Board and Chief Executive Officer.* The Board should be free to make this choice any way that seems best for the Company at a given point in time. In the future, the Board may determine to separate the functions of Chairman and Chief Executive Officer, by the amendment of the Company's By-laws. However, at this time, the Board believes that there is no reason to take action separating the Chairman of the Board capacity from the Chief Executive Officer capacity.
2. *Executive Sessions of Outside Directors.* The outside directors of the Board will meet in executive session at a regularly scheduled meeting at least once each year (other than the executive session to review Chief Executive Officer performance). The format of these meetings will include a discussion with the Chief Executive Officer on each occasion. These meetings should be scheduled in conjunction with a regular Board meeting. It is the policy of the Board that a director be selected by the outside directors to chair these executive sessions or assume other responsibilities which the outside directors as a whole might designate from time to time. Periodic executive sessions may be held telephonically from time to time during the year.
3. *Number of Committees.* The current committee structure of the Company, which includes an Audit Committee, Nominating Committee and a Compensation Committee, seems appropriate. There will, from time to time, be occasions in which the Board may want to form a new committee or disband a current committee depending upon the circumstances. Each of the committees shall be composed of at least three and not more than five members, including a chairperson, all of whom shall be "independent directors" as such term is defined in the rules and regulations of the NASDAQ Stock Market, Inc.
4. *Assignment and Rotation of Committee Members.* The Board is responsible, after consultation with the Chief Executive Officer and after consideration of the desires of individual Board members, for the assignment of Board members to various committees that may be formed from time to time, subject to the provisions of Section 3 above.
5. *Frequency and Length of Committee Meetings.* Each Committee chairperson, in consultation with Committee members, will determine the frequency and length of the meetings of the Committee. Meetings will normally be held around Board meetings.
6. *Committee Agenda.* The Chairperson of a Committee, in consultation with the appropriate members of management and staff, will develop a Committee's agenda.
7. *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 establish the agenda for each Board meeting. At the beginning of the year the Chairman will establish a schedule of agenda subjects to be discussed during the next year. Each Board member is free to suggest the inclusion of item(s) on the agenda. The Chief Executive Officer will be proactive in encouraging Board members to submit agenda items.
8. *Board Materials Distributed in Advance.* It is the sense of the Board that information and data that is important to the Board's understanding of the business to be conducted at that meeting be distributed in writing to the Board before the Board meets. Management will make every attempt to see that this material is as brief as possible while still providing the desired information.
9. *Presentations.* As a general rule, presentations on specific subjects should be sent to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the subject. When there is no prior distribution of a presentation on a sensitive subject, it is the sense of the Board that each member be advised by telephone in advance of the meeting of the subject and the principal issues the Board will need to consider.

10. *Regular Attendance of Non-Directors at Board Meetings.* The Board supports the regular attendance at each Board Meeting of non-Board members including employees and others who provide significant service to the Company but are not necessarily part of management. Should the Chief Executive Officer want to add additional people as attendees on a regular basis, it is expected that this suggestion would be made to the Board for its concurrence.

11. *Board Access to Management.* Board members have complete access to management. It is assumed that Board members will use judgment to be sure that this contact is not distracting to the business operations of the Company and that such contact, if in writing, be copied to the Chairman and the Chief Executive Officer. Furthermore, the Board encourages the management to, from time to time, bring other managers and key persons into Board meetings who can provide additional insight into the items being discussed because of personal involvement in these areas.

12. *Board Compensation Review.* It is appropriate for the Chief Financial Officer of the Company once every other year to report to the the Board the status of compensation in relation to other U.S. public companies. Changes in Board and management compensation, if any, should come at the suggestion of the Compensation Committee with full discussion and approval by the Board.

13. *Size of the Board.* The Board presently has 4 members. It is the sense of the Board that a size of from 4 up to 5 is appropriate at this time and at the Annual Meeting of shareholders to be held in June 2007 it is the intention that 5 persons be elected to the Board. However, the Board would be willing to go to a somewhat larger size in order to accommodate the availability of an outstanding candidate(s) and depending upon any acquisitions.

14. *Mix of Inside and Outside Directors.* The Board believes that as a matter of policy at least half and a majority of non-employee directors should comprise the Board. At present, more than half of the Board members are non-employees and shall be "independent directors". The Board will continue to consider qualified non-employee candidates to add to the Board in the future.

15. *Board Membership Criteria.* The newly established Nominating Committee shall be responsible for reviewing on an annual basis the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment should include issues of diversity, age, skills such as understanding of management, organization, the Company's segments of operation, Corporate Governance requirements and background, among others - all in the context of an assessment of the perceived needs of the Board at that point in time.

16. *Selection of New Director Candidates.* The Nominating Committee shall be responsible, together with the Board, on an annual basis, for ensuring an appropriate structure for management succession and development, and an effective process for director selection and tenure. The Board shall share the screening process with the Nominating Committee with the direct input from the Chairman of the Board and Chief Executive Officer and the other members of the Board. There should be a full discussion at a Board meeting before the decision to invite qualified persons to join the Board is made.

17. *Extending the Invitation to a New Potential Director to Join the Board.* The invitation to join the Board should generally be extended by the Chairman acting together with the Nominating Committee on behalf of the Board after full Board approval. The new director will receive an orientation about the Company and its Corporate Governance philosophy.

18. *Term Limits.* 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 Nominating Committee, in consultation with the Chief Executive Officer and Chairman of the Board, will review each director's continuation on the Board every year. This will also allow each director the opportunity to conveniently confirm his/her desire to continue as a member of the Board.

19. *Formal Evaluation of the Chief Executive Officer.* The Board or the Nominating Committee should make this evaluation annually, and it should be communicated to the Chief Executive Officer. The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management, etc. The evaluation will be used by any Compensation Committee or by the Board in the course of its deliberations when considering the compensation of the Chief Executive Officer.

20. *Succession Planning.* There should be an annual report by the Chief Executive Officer to the Board on succession planning. There should also be available, on a continuing basis, the Chief Executive Officer's recommendation as to a successor should he/she be unexpectedly disabled.

21. *Management Development.* There will be an annual report to the Board by the Chief Executive Officer on the Company's program for management development. This report should be given to the Board at the same time as the succession planning report noted above or at such other Board meeting that may be held pursuant to the Company's By-laws.