

Operating Principles for the Board of Directors

I. Role of Board of Directors

The Board of Directors acts as the steward of the Company for the benefit of the shareholders. The Board has the following minimum responsibilities:

A. Fiduciary Responsibilities

Directors should exercise their business judgment to act in what they reasonably believe to be in the best interest of the Company consistent with their fiduciary duties.

B. Supervisory Responsibilities

1. To ensure the Company has an effective succession planning process that will help maximize long-term corporate performance, including policies and principles for CEO selection and performance review, as well as policies regarding succession.
2. To select, and to elect, the Chairman of the Board and Chief Executive Officer (hereinafter referred to as the "Chairman of the Board") and a President and Chief Operating Officer.
3. To review the selection of, and to elect, other officers selected by management.
4. To review the performance, compensation and succession of management and, if necessary, to remove and replace management that is not performing.
5. The role of the Board is not to manage the Company but to oversee its management. The effective Board understands and observes this fundamental difference between its role and that of those who are responsible for the day-to-day management of the Company.

C. Implementation

In order to perform its fiduciary and supervisory responsibilities, the Board needs a substantial information flow on relevant, material matters. While the Board may rely upon information furnished by management, the Board should be diligent in defining and requesting the information required, from its perspective, to meet its responsibilities. (In this regard the effective Board should probe, however, for quality, not quantity.)

The outside directors, as a group, should bring to the Board a wealth of business experience and a track record of good business judgment in a variety of situations relevant to the Company's operations. The totality of the experience of the Board of Directors should be designed, structured, and monitored so that the Board is fully equipped to meet its fiduciary and oversight responsibilities.

II. BOARD ORGANIZATION AND COMPOSITION

A. Leadership. Management of the Company is presently directed by the Chairman of the Board, who is a member of the Board of Directors.

Although there is no "lead director" designation relative to independent directors, the independent director who serves as Chairman of the Board Affairs and Nominating Committee (BANC) is positioned to play a leadership role in facilitating Board involvement on major issues and/or proposals, reviewing agenda and information to be provided to the Board, consulting with Directors, the CEO, and management as necessary, and presiding at Executive Sessions without management participation.

B. Size and Composition of Board. The BANC reviews and recommends to the full Board the optimum Board size to accommodate the following objectives:

1. To provide a Board sufficiently large to allow non-management directors to staff the Board committees.
2. To ensure that there is a majority of directors who meet the criteria for independence required by the New York Stock Exchange.
3. To permit key members of management to serve on the Board.
4. To enable the Board to function effectively in terms of discussion and decision making.

- C. Board Member Qualifications and Tenure. The BANC establishes written Criteria for Membership on the Board of Directors, incorporating the criteria for independence required by the New York Stock Exchange. A copy of the Criteria for Membership on the Board of Directors is appended hereto.
- D. Committees and Assignments. The BANC considers and recommends to the Board the types and functions of Board committees and their respective initial charters. The BANC considers the qualifications for membership on each Board committee and, following the Annual Meeting of Shareholders, recommends committee assignments, including chairmanships, to the Board for the ensuing year. Periodic rotation of committee assignments is an objective, with chairmanships generally being rotated at 3-year intervals. Committee membership assignments take into account various factors such as continuity and expertise.

Each committee also reviews its charter annually, and recommends changes to the Board.

The Board currently has the 3 committees described below:

1. Board Affairs and Nominating Committee (BANC). This Committee is comprised of at least 3 directors who meet the criteria for independence required by the New York Stock Exchange. Among the responsibilities of the BANC are senior management organization, including CEO and senior management succession; establishment of criteria for Board membership; identifying individuals qualified to be Board members; recommending candidates for election as directors; and recommending policies applicable to directors. The BANC oversees the evaluation of the Board and management. An annual review is made of incumbent Board members' attendance and performance as concerns their suitability for reelection.

Pursuant to its charter, the BANC recommends to the Board a set of corporate governance principles applicable to the Corporation. The BANC also is required to make a periodic assessment and subsequent report to the Board as appropriate relative to the performance of the Board in the area of corporate governance, including the adequacy of information supplied to the Board, and the Board's performance of its oversight responsibilities relevant to the management of the Company.

The BANC also has oversight responsibility for the Company's Corporate Citizenship activities to advance the interest of shareholders, including the Company's involvement with the communities it serves and the Company's promotion of a sustainable environment.

2. Audit Committee. This Committee is comprised of at least 3 directors who meet the independence criteria for audit committee membership required by the New York Stock Exchange and the Sarbanes-Oxley Act. Each member of the Audit Committee shall be financially literate, and at least one member shall be an "audit committee financial expert" as defined by Securities and Exchange Commission regulations.

The Committee assists the Board in fulfilling its oversight responsibilities with respect to the Company's financial reporting process; the systems of internal accounting and financial controls; the integrity of the Company's financial statements; the Company's compliance with legal and regulatory requirements; the independent auditor's qualifications and independence; the performance of the Company's internal audit function and independent auditor; and the effectiveness of the Company's enterprise risk management initiatives.

The Audit Committee also has oversight responsibility for certain investment and administrative activities relative to ERISA plans sponsored by the Company, and compliance with the Company's Business Conduct Guidelines program.

3. Compensation Committee (CCOB). This Committee is comprised of at least 3 directors who meet the criteria for independence required by the New York Stock Exchange. The general responsibilities of the CCOB include the review and approval of compensation and benefit policies and programs relating to the Company's executives and others, and recommendations to the Board on related compensation matters as may be required. Specific responsibilities include the review and approval of corporate goals and objectives relevant to CEO compensation, the evaluation of the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors, the determination and approval of the CEO's compensation level based on this evaluation. Specific responsibilities additionally include making recommendations to the Board on the annual salary and bonus for other members of management; and non-retirement

compensation and benefits for independent directors. The CCOB also has administrative responsibilities under various incentive and benefit plans.

III. OPERATION OF THE BOARD

- A. Board Meeting Agendas and Practices. The Chairman of the Board, in consultation with other appropriate members of management, establishes the agenda for each Board meeting. In addition, Board members may suggest topics for the agenda and may raise subjects at Board meetings and Executive Sessions that are outside the agenda.

Board meetings focus on strategic, operational, and reporting matters. Management strives to provide the Board with timely and comprehensive information as well as making themselves appropriately available for discussion regarding strategic and other significant issues.

There are 5 scheduled Board meetings each year. Special Board meetings are called as needed.

- B. Committee Meetings. Frequency of meetings and agendas for meetings are established by the Chairman of each Committee. Prior to each annual meeting, all directors receive a schedule of Committee and Board meetings planned for the following 2 years. In order to enhance communication, all directors are often invited to committee meetings that deal with non-routine matters.
- C. Executive Sessions of the Board. The non-management directors shall meet in regularly scheduled Executive Sessions. At least two Executive Sessions each year shall be attended solely by directors who meet the criteria for independence required by the New York Stock Exchange. Inside directors or other Company employees may be invited to attend part of the Executive Sessions. These sessions permit candid discussion of management performance, the adequacy of information provided to the directors, succession, and other sensitive matters. The Chairman of the BANC acts as the Chairman and presides at the Executive Sessions without management participation. The Company will disclose a method for interested parties to be able to make their views known to the non-management directors.
- D. Board Information, Presentations and Attendance. All directors are expected to attend the Annual Meeting of Shareholders, Board meetings and meetings of committees on which they serve, and to spend the time needed to properly discharge their duties. At least 5 days prior to each Board meeting, directors are provided with a "Board Book" that includes the agenda for the meeting and additional information relevant to the items to be discussed. At a typical meeting, the Board Book will include summaries of Board presentations, proposed resolutions, operating results, reports on major projects, and summaries of materials being considered by committees which are scheduled to report at the Board meeting. Directors should review these materials in advance of the meeting.

The Senior Vice President, Finance and Chief Financial Officer, the Senior Vice President and General Counsel, and the Secretary attend all Board meetings. Additional members of management frequently attend Board meetings and make presentations, thereby affording the Board the opportunity for direct access, acquaintance, and evaluation of management.

- E. Director Compensation. The form and amount of director compensation will be designed to enable the attraction and retention of qualified directors and to provide customary appropriate incentives, including equity-based awards, for their services. Upon recommendation of the Compensation Committee, the Board shall periodically evaluate the form and amount of director compensation to insure that compensation and perquisites are in line with market levels and that the Company does not make substantial charitable contributions to organizations with which a Director is affiliated.
- F. Board Evaluations. The Board shall conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The annual evaluation shall also include a review of the performance evaluations of the Board's Committees.

IV. GENERAL

- A. Board Access to Senior Management. The Board has access to Company management, and recognizes that judgment and discretion are to be observed in such contacts. It is expected that the Chairman of the Board will be informed of such contacts in virtually all cases.

- B. Board Access to Independent Advisors. The Board shall have the authority to obtain advice and assistance from independent advisors including legal, accounting, and other professionals.
- C. Director Orientation and Continuing Education. All new directors must participate in the Company's orientation process, which will include briefings and presentations by senior management. The orientation shall include information on the company's management, strategy, competition, financial reporting systems and risk-management processes. The orientation shall also cover the Company's Business Conduct Guidelines and the Board's Operating Principles and Charters.

Directors are expected to participate in continuing education programs on a routine basis.

- D. Director Stock Ownership. The Board shall establish stock ownership guidelines for Directors.
- E. Evolving Principles. The Board recognizes its operations and these operating principles to be an evolving process and, therefore, they are subject to periodic review and revision. These principles are not intended to cover all issues which may arise, but rather to provide a general framework of reference to assist the Board in performance of its duties.