

**The Marcus Corporation  
Amended and Restated  
Corporate Governance Policy Guidelines**

**Amended: July 22, 2015**

The following Corporate Governance Policy Guidelines (“Guidelines”) have been adopted by the Board of Directors (“Board”) of The Marcus Corporation (“Company”) to assist the Board in the exercise of its duties and responsibilities and to help provide for effective and efficient corporate governance that will help promote the best interests of the Company’s shareholders. These Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view toward enhancing shareholder value over the long term. These Guidelines are in addition to, and are not intended to change or interpret, any federal or state law or regulation, the rules of the Securities and Exchange Commission (“SEC”), the listing standards of the New York Stock Exchange (“NYSE”), the Wisconsin Business Corporation Law, or the Company’s Articles of Incorporation or Bylaws. These Guidelines are not intended to, and do not, create any legal or fiduciary duties or responsibilities or form the basis for a breach of fiduciary duty or potential liability. These Guidelines are subject to modification and interpretation by the Board.

In accordance with the NYSE’s listing standards, these Guidelines shall be posted on the Company’s website, along with copies of the charters for the Board’s various standing committees and the Company’s Code of Conduct. Additionally, the Company’s annual report to shareholders shall state that the foregoing are available in print to any requesting shareholder.

**A. Expectations of Directors.**

In addition to those duties and responsibilities otherwise required by applicable law, rule or regulation, the listing requirements of the NYSE, and the Company’s Articles of Incorporation and Bylaws, each of the Company’s directors is expected to:

1. Maintain high ethical standards and remain mindful at all times of their duties and responsibilities to the Company and its shareholders, while also considering the interests of the Company’s other stakeholders under appropriate circumstances.
2. Exercise loyalty towards the Company and confidentiality regarding its internal affairs, keeping in mind that the interests of the Company and its shareholders should always be placed above the director’s personal interests. Directors should comply with the Company’s Code of Conduct and otherwise either (a) avoid actual and potential conflicts of interest and the appearance of impropriety with respect to dealings with the Company or (b) fully disclose any such actual or potential conflicts and appearances of impropriety to the Lead Independent Director, the Board or its Corporate Governance and Nominating Committee at the first reasonable opportunity. Any such affected director shall excuse himself or herself from participation in, and shall not vote on, the Board’s or Corporate Governance and Nominating Committee’s consideration of such matter, and shall otherwise abide by any instructions provided to him/her by the Board and/or Corporate

Governance and Nominating Committee on how to conduct himself/herself with respect to such matter.

3. Generally understand in reasonable detail the Company's businesses, operations, budget, finances, financial statements, competition, prospects, risks and concerns, as well as the general economic, industry and market trends and conditions which have affected the Company in the past, are affecting the Company currently or will likely affect the Company in the future. In any event, however, non-employee directors shall not be expected to understand the Company's businesses to the same extent as management.
4. Provide the Board and the Company's management with objective, different and fresh perspectives on issues and opportunities facing the Company.
5. Provide the Board and the Company's management with good counsel and judgment and candid, open, and honest feedback and evaluation.
6. Use his or her best efforts to personally attend (either in person or by telephone) all Board and committee meetings on which such director serves.
7. Be prepared to participate actively and exercise his or her informed business judgment in a manner that he or she reasonably believes to be in the best interests of the Company and its shareholders at all Board and committee meetings on which such director serves. When background and explanatory materials are distributed at or prior to Board or committee meetings, he or she should review such materials carefully and request additional information when deemed necessary for a further understanding of the matters addressed by the materials. Although management, the Chairman of the Board, the Lead Independent Director and the chairmen of the Board's various committees are responsible for the preparation and advance distribution of background and explanatory materials to the Board and its committees, other directors may specifically request the provision of additional background and explanatory materials when deemed necessary or appropriate. Unless the director has knowledge that makes reliance unwarranted, a director may rely on information, opinions, reports or statements prepared or presented by an officer or employee of the Company or other expert or advisor if the director believes in good faith that such person is reliable and competent in the matters presented or if such matters are within such person's professional or expert competence.
8. Ask probing questions of management at and between Board meetings and follow through on such inquiries to the extent deemed necessary or appropriate to receive satisfactory responses.
9. Provide, as needed, feedback to management, the Chairman of the Board, the Lead Independent Director and the chairmen of the Board's committees on which such director serves, regarding the quality, quantity and timeliness of the flow of information to the Board and its various committees.

10. If he or she is the Chairman of the Board, the Lead Independent Director or a chairman of one of the Board's various committees, prepare, in consultation with the Chairman of the Board and/or the Lead Independent Director, as appropriate, and the other directors or committee members, and distribute in advance, the agendas for Board or committee meetings, as well as such other background and explanatory materials with respect thereto as are determined necessary or appropriate. Although directors who are not the Chairman of the Board, the Lead Independent Director or the chairman of one of the Board's various committees are not responsible for preparing agendas, they should actively participate in the development of meeting agendas.
11. Be willing, if eligible and nominated, to actively serve on at least one Board committee.
12. Between Board meetings, depending upon the facts and circumstances, consider the need to meet in person or by telephone individually with the Company's officers, advisors and other directors.

**B. Expectations of the Board and its Committees.**

In addition to those duties and responsibilities otherwise required by applicable law, rule or regulation, the listing requirements of the NYSE, and the Company's Articles of Incorporation and Bylaws, the Board and its committees, as appropriate, are expected to:

1. Assure that the Company is well-managed in the best interests of its shareholders, taking into account the interests of other constituencies under appropriate circumstances.
2. Although senior management is charged with the ongoing conduct of the Company's businesses, have oversight authority over all material business and affairs of the Company, except such business and affairs as are reserved to the shareholders or otherwise delegated to the Company's management.
3. Evaluate and approve the Company's strategic framework and plans within which management will manage and operate the Company over both near-term and long-term horizons, including specific strategic, operational and financial goals and objectives. Management will have the responsibility for developing and implementing these strategies to achieve the strategic, financial and operational goals and objectives approved by the Board.
4. Monitor corporate performance against the Company's strategic and business plans, goals and objectives, especially to evaluate whether the Company's businesses are being properly managed.
5. Be involved in providing advice and counsel on all major policy decisions of or affecting the Company and review and approve all material transactions not in the ordinary course of business, except those transactions reserved to the shareholders or otherwise delegated to management.

6. Select, evaluate, compensate, retain and motivate the Company's Chief Executive Officer and the Company's other officers and key executives in a manner that the Board believes helps promote the best interests of the Company's shareholders.
7. Review, evaluate and oversee the development and succession of the Company's officers and key executive team.
8. Select and recommend to shareholders for election (other than in connection with filling Board vacancies and new positions on an interim basis) appropriate director candidates for service on the Board, and evaluate the performance of the Board, its committees and its individual directors.
9. Review and approve the Company's annual budget and monitor the Company's budget and fiscal affairs.
10. Evaluate, approve and monitor the Company's corporate governance policies, procedures and practices to help ensure that they continue to help the Board and management effectively and efficiently promote the best interests of the Company's shareholders.
11. Oversee the process of evaluating the adequacy of the Company's internal and business controls and risk management, including reviewing the adequacy of the Company's systems for compliance with all applicable laws and regulations, for safeguarding the Company's assets and for managing the Company's major risks. Management has the responsibility to maintain effective control of the Company's operations, internal controls, risk management practices and procedures, and financial reporting and compliance practices.
12. Oversee (a) the integrity of the Company's financial statements; (b) the Company's compliance with legal and regulatory requirements related to its financial statements; (c) the performance of the Company's internal audit function and independent auditors; and (d) the retention, oversight and evaluation of the Company's independent auditing firm. Management has the responsibility for the Company's financial statements, compliance with legal and regulatory requirements related to its financial statements, and the performance of the Company's internal audit function.
13. Maintain accurate, timely and complete records of their material deliberations and actions.

**C. Board Composition.**

1. Selection of Chairman of the Board.

The Board does not require the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Board has the authority to choose its Chairman in any way it deems best for the Company and its shareholders at any given point in time. Accordingly, the Board reserves the right to vest the

responsibilities of the Chief Executive Officer and Chairman in the same person, or two different individuals, depending on what it believes is in the best interest of the Company and its shareholders.

2. Appointment and Responsibilities of Lead Independent Director.

If the Chairman of the Board is an employee director or otherwise not an independent director, then the Corporate Governance and Nominating Committee shall recommend to the Board, and the Board shall appoint, an independent director to serve as Lead Independent Director until otherwise determined by the Board. At no time shall the positions of Chairman of the Board and Lead Independent Director be held by the same individual. In addition to those duties described elsewhere in these Guidelines and as may be assigned to the Lead Independent Director by the Board, the Lead Independent Director shall have the following responsibilities: (a) calling and presiding over all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of independent directors and communicating feedback on executive sessions to the Chairman of the Board; (b) providing input as necessary to the Chairman of the Board and Secretary on the preparation of agendas for Board meetings; (c) facilitating the Board's approval of the number and frequency of Board meetings, as well as the schedule of the meetings to ensure there is sufficient time for discussion of agenda items; (d) serving as principal liaison on Board issues between the independent directors and the Chairman of the Board; (e) ensuring that there is open communication between the Company's independent directors and the Chairman of the Board and other management members; and (f) conferring with the Chairman of the Board on other issues of corporate importance, as appropriate.

3. Size of the Board.

As a general matter, the number of directors serving on the Board at any time shall not exceed a number that can function efficiently as a body. In accordance with the Company's Articles of Incorporation and Bylaws, the Board currently believes that it should generally have no fewer than seven and no more than eleven directors. The Board believes that this number of directors permits diversity of experience, without hindering effective discussion or diminishing individual accountability. Additionally, the Board believes that the quality of the directors serving on the Board at any given time is more important to good corporate governance than the precise number of directors.

The Corporate Governance and Nominating Committee, in consultation with the Chairman of the Board and the Lead Independent Director, shall consider and make determinations from time to time, as such Committee may determine appropriate, concerning the responsibilities, structure, size and composition of the Board and its committees.

The Company's Bylaws also allow for the Board's appointment of Directors Emeritus to participate, without a vote, at meetings of the Board and to otherwise

serve in an advisory capacity to the Board. There are currently no Directors Emeritus serving on the Board.

4. Annual Election of All Directors.

As provided in the Company's Bylaws, except as may be otherwise deemed necessary or appropriate to fill vacancies or new positions on the Board that may occur or be created from time to time, the Board currently believes that the annual election of the entire Board is in the best interests of the Company and its shareholders.

5. Selection of New Directors.

The Board shall be responsible for nominating director candidates for annual election to the Board by the Company's shareholders and for filling vacancies or new positions on the Board that may occur or be created from time to time between annual meetings of shareholders. The Corporate Governance and Nominating Committee, in consultation with the Chairman of the Board and the Lead Independent Director, is responsible for identifying, screening and recommending director candidates for consideration by the entire Board. When formulating its director candidate recommendations, the Corporate Governance and Nominating Committee shall consider appropriate recommendations submitted by the shareholders of the Company in compliance with the procedures set forth in the Company's Bylaws. The Board shall take appropriate action to effectively communicate to the Company's shareholders the process by which shareholders may submit director candidates for consideration in accordance with the Company's Bylaws.

6. Board Membership Criteria.

The Board shall be committed to a diversified membership. Nominees for director shall be generally selected on the basis of broad experience; wisdom; integrity; ability to make independent analytical inquiries; business experience and acumen; and ability and willingness to devote adequate time to Board, Committee duties and understanding the Company's businesses.

The Corporate Governance and Nominating Committee, in consultation with the Chairman of the Board and the Lead Independent Director, shall be responsible for assessing the appropriate balance of skills, backgrounds and characteristics required of Board members. Each then serving director's renomination to the Board shall be dependent upon such director's performance evaluation, as well as such other factors and circumstances as the Corporate Governance and Nominating Committee, in consultation with the Chairman of the Board, considers appropriate.

7. Independent Directors on Board.

Independent directors shall constitute a substantial majority of the Board.

8. Board Definition of Director Independence.

No director shall qualify as “independent” unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) that would interfere with the exercise of independent judgment as a director. In making such determinations, the Board may broadly consider all relevant facts and circumstances, and may adopt categorical standards to assist it in making determinations of independence.

No officer or employee of the Company nor any immediate family member of any officer or employee of the Company shall qualify as an independent director. In addition, no director who is a former employee of the Company can be independent until five years after the employment has ended.

No director who is, or in the past five years has been, affiliated with or employed by a (present or former) auditor of the Company can be independent until five years after the end of either the affiliation or the auditing relationship.

No director can be independent if he or she is, or in the past five years has been, part of an interlocking directorate in which an executive officer of the Company serves on the compensation committee of another company that employs the director.

Directors with immediate family members in the foregoing categories must likewise be subject to the five-year “cooling-off” provisions for purposes of determining independence.

In accordance with the requirements of the SEC, the listing standards of the NYSE and other applicable laws, the Company shall generally publicly describe the standards used to determine which directors are independent (including any categorical standards used) and, with respect to each non-independent director, explain why each such director does not meet these standards.

9. Directors Who Change Their Initial Job Responsibility.

In the event a director retires or otherwise undergoes a change in the employment position they held when they first became a member of the Board, such person shall promptly provide written notice to the Chairman of the Board or the Lead Independent Director of their retirement or of any other material change in their present employment. Upon receipt of such written notice, the Corporate Governance and Nominating Committee, in consultation with the Chairman of the Board and the Lead Independent Director, shall review the continued appropriateness of any such affected director’s Board membership under such circumstances and, make such determinations as it deems necessary or appropriate. The affected director shall be expected to act in accordance with any such Corporate Governance and Nominating Committee determination, subject to the Company’s Bylaws.

10. Term Limits.

The Board does not believe that mandatory term limits for directors, committee chairmen or committee members necessarily enhance corporate governance. While term limits may help ensure that there are fresh ideas and viewpoints made available to the Board, term limits are inherently arbitrary and have the disadvantage of requiring the loss of contributions from directors who have been able to develop, over a period of time, increasing insight into the Company and its operations, and who therefore provide an increasing level of contribution to the Board and/or its committees. In connection with each then currently serving director's renomination recommendation, the Corporate Governance and Nominating Committee, in consultation with the Chairman of the Board and the Lead Independent Director, shall consider the issue of continuing director tenure and make such determinations as it considers appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically reexamine the status quo.

11. Service on Other Boards.

The Board believes that director service on other business corporation boards lends valuable experiences and perspective to the Board and the Company. The capacity of any single director to satisfy multiple commitments, including service to the Board and its committees, varies among directors and cannot be measured by arbitrary limits on other board service. However, each Board member is expected to ensure that all of his or her current and planned future commitments, including service on business corporation boards, non-profit boards or service organizations, do not materially interfere with his or her service as a director of the Company.

**D. Other Board Matters.**

1. Board Compensation.

Any then serving executive officer of the Company who is also serving on the Board shall not receive additional compensation for their service as a director.

The Company believes that the compensation paid to the Board's non-employee directors should be competitive and should fairly compensate such directors for their time and efforts dedicated to the Board and the committees on which they serve and/or chair. As a general matter, in order to help further align the economic interests of non-employee directors with the economic interests of the Company's shareholders, the Board believes that a substantial portion of non-employee director compensation should be in the form of the Company's common stock and/or rights to acquire the Company's common stock. The Compensation Committee shall periodically review non-employee director compensation, including the compensation of the Lead Independent Director, with comparable companies to ensure that such compensation attracts, motivates and retains non-employee directors of the highest quality.



2. Self-Evaluation of Board.

The Corporate Governance and Nominating Committee shall be responsible for ensuring that the Board and each of its committees annually perform a self-evaluation and report its conclusions and recommendations to the Board. The purpose of these self-evaluations is to increase the effectiveness of the Board and its committees. The list of expectations and responsibilities of the Board and its committees set forth in these Guidelines shall form the principal criteria for such self-evaluations, as well as such other factors and circumstances as are determined appropriate by the Corporate Governance and Nominating Committee.

3. Director Orientation and Continuing Education.

Upon their initial appointment or election to the Board, new directors shall receive from management and the Chairman of the Board a comprehensive package of orientation materials and an extensive review of the Company, its strategies, its businesses, its facilities, and its industries. Such orientation package shall include, among other things, comprehensive information about the Company's businesses and operations; strategic plans, goals and objectives; general information about the Board and its committees, including a summary of director compensation, insurance, indemnification and benefits; a review of Board and director duties and responsibilities, including a copy of these Guidelines, and the Company's Code of Conduct; copies of Board and committee charters, minutes and background booklets from recent meetings; and copies of the Company's recent SEC filings (including pertinent exhibits such as the Company's Articles of Incorporation, Bylaws and material contracts), audited financial reports and press releases.

On an ongoing basis, the Board shall be kept apprised by management, the Chairman of the Board and the Lead Independent Director of, and shall be encouraged to personally attend, at the Company's expense, appropriate educational programs on corporate governance and fiduciary duties and responsibilities (including any directors institute sponsored by the NYSE). Management, the Chairman of the Board and the Lead Independent Director shall also periodically provide the directors with relevant and appropriate information and materials on corporate governance practices and fiduciary duty matters. In addition, Board members are encouraged to visit Company facilities throughout their tenure on the Board.

4. Unrestricted Board Access.

Board members shall have complete and unrestricted access to the Company's officers and key executives. However, Board members shall use sound business judgment in contacting such members of the Company's management to ensure that such contacts do not interfere with or distract from the Company's business. Board members, if appropriate, shall inform the Chief Executive Officer of such contacts.

Furthermore, the Board encourages management and the Chairman of the Board, from time to time, to bring officers, key executives and advisors into Board and committee meetings who: (a) can provide additional insight concerning the items being discussed because of personal involvement or expertise in these areas, and/or (b) represent managers with future potential that the Company's senior management believes should be given exposure to the Board.

The Board and each of its committees shall have the power to select and retain independent advisors and experts to provide it with independent advice to assist the Board or any such committee in carrying out its duties and responsibilities, with the cost of such advisors and experts to be paid for by the Company.

5. Board Interaction with Shareholders and Other Constituencies.

The Board believes that management generally should speak publicly for and on behalf of the Company. Except where circumstances otherwise warrant, it is suggested that each director refer all inquiries from shareholders, institutional investors, research analysts, the press, customers, vendors and other constituencies to the Chief Executive Officer or other appropriate Company officer. Individual directors may from time to time meet with or respond to various constituencies of the Company, but the Board generally expects that such meetings or responses would only be undertaken with the specific advance concurrence of the Chairman of the Board and/or the Lead Independent Director, as appropriate.

**E. Board Meetings.**

1. Frequency of Meetings.

The Board shall meet as frequently as needed to discharge properly its duties and responsibilities in accordance with the Company's Bylaws. Absent unusual circumstances, there shall be at least four regularly scheduled meetings of the Board held annually in accordance with the Company's Bylaws. In addition, special meetings of the Board shall be held as circumstances require as determined by the Chairman of the Board, the Lead Independent Director or any two directors (or as otherwise allowed by the Company's Bylaws) in accordance with the Company's Bylaws.

2. Conduct of Meetings.

Board and committee meetings will be conducted in accordance with the Company's Bylaws and otherwise in a manner which facilitates open communication, thorough consideration, meaningful participation and timely resolution of all presented matters and issues. Sufficient time to fully consider the scheduled agenda items, as well as all other matters and issues appropriately raised, is to be provided at all Board and committee meetings.

3. Schedule and Agenda Items for Board Meetings.

The Chairman of the Board and/or the Lead Independent Director, in consultation with the other directors, prior to the beginning of each calendar year shall prepare in advance the forthcoming year's schedule of regular Board meetings and distribute it to the Board. Sufficiently in advance of each meeting, the Chairman of the Board and/or the Lead Independent Director shall provide the Board with a proposed meeting agenda setting forth the general agenda of items scheduled to be considered by the Board at such meeting. Thereafter, the Chairman of the Board and/or the Lead Independent Director, in consultation with the other directors, may modify the agenda for each meeting to include other items not contemplated during the initial preparation of the agenda. Each director shall be free to suggest the inclusion of additional items on any meeting agenda and shall otherwise be free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

A similar process shall be undertaken for each of the Board's committees by the chairman of each committee.

4. Advance Information.

As a general rule, background information and explanatory materials and reports related to the agenda items and other matters scheduled for discussion at each Board and committee meeting are to be provided to Board and committee members sufficiently in advance of Board and committee meetings to allow the directors to adequately prepare for a full and frank discussion of the scheduled agenda items and other matters. Additionally, financial reports, peer group information, analyst reports, press releases, SEC filings, Board and committee minutes, and other relevant and appropriate background and informational materials and reports relating to the Company and its businesses and industries shall also be circulated to all directors in advance of and in between each meeting, as determined necessary or appropriate by the Chairman of the Board, the Lead Independent Director or applicable committee chairmen, or as otherwise requested by any director. Sensitive subject matters, or unforeseen matters added to the agenda just prior to or at the meeting or otherwise raised at the meeting, may be discussed at any Board or committee meeting without background information or explanatory materials being distributed in advance of the meeting.

5. Executive Sessions of Independent Directors.

Absent unusual circumstances, the Board's independent directors shall generally meet in executive session, without management present, after each regularly scheduled Board meeting, and at such other times as any of them otherwise determine necessary or appropriate. The Lead Independent Director shall chair, or if the Board has not appointed a Lead Independent Director, the chairmen of the Audit, Compensation, and Corporate Governance and Nominating Committees shall alternate or share coordinating and chairing, these executive sessions. The Lead Independent Director or any such other directors shall also facilitate

communications between the Chairman of the Board and the other members of the Board, including communicating other members' requests to call special meetings of the Board in accordance with the Company's Bylaws. Additionally, the Lead Independent Director or any such other directors shall facilitate communications between the Company's shareholders and the Board. In performing the duties described above, the Lead Independent Director or any such directors are expected to consult with each of the other chairmen of the appropriate Board committees and solicit their participation in order to avoid diluting the authority or responsibilities of such committee chairs. The names of the directors, as well as a means for shareholders and employees for communicating with the Company's independent directors as a group, shall be appropriately disclosed in the Company's annual meeting proxy statement, and in such other reports, in accordance with the requirements of the SEC, the listing standards of the NYSE and other applicable laws.

**F. Committee Matters.**

1. Number and Names of Board Committees.

The Board shall have four standing committees: Audit, Compensation, Corporate Governance and Nominating, and Finance. The duties and responsibilities of each of these committees shall be determined by the Board and shall be generally outlined in each committee's respective written charter. Each committee may exercise the authority of the Board within the scope of its designated duties and responsibilities, except that, in accordance with the Wisconsin Business Corporation Law and the Company's Bylaws, a committee may not (a) authorize distributions to shareholders; (b) approve or propose to shareholders actions that are required by the Wisconsin Business Corporation Law to be approved by the shareholders; (c) fill vacancies on the Board or, except as allowed by the Wisconsin Business Corporation Law, on any of its committees; (d) amend the Company's Articles of Incorporation; (e) adopt, amend or repeal any of the Company's Bylaws; (f) approve a plan of merger not requiring shareholder approval; (g) authorize or approve the Company's reacquisition of shares, except according to a formula or method prescribed by the Board; or (h) authorize or approve of the issuance or sale or contract for the sale of the Company's shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board may authorize a committee or a senior executive officer of the Company to do so within limits prescribed by the Board.

The Board has the full power and authority to form new standing or ad hoc committees, change the duties and responsibilities of any current committee, or to disband a current committee, all in accordance with the Company's Bylaws and the Wisconsin Business Corporation Law.

2. Independence of Board Committees.

The Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee shall each be comprised solely of directors who meet the

independence and other requirements of the SEC, the listing standards of the NYSE, the Internal Revenue Code, other applicable laws and the Company's Bylaws, except as otherwise determined by the Board in accordance with the requirements of the SEC, the listing standards of the NYSE, the Internal Revenue Code, other applicable laws and the Company's Bylaws. The committees may invite to their meetings other directors, members of Company management and such other persons and advisors as the committee or its chairman deems necessary or appropriate in order to carry out its duties and responsibilities.

3. Assignment and Rotation of Committee Members and Chairman.

The Corporate Governance and Nominating Committee shall be responsible, in consultation with the Chairman of the Board and the Lead Independent Director, and subject to ratification by the Board, for making determinations with respect to the assignment of Board members to the Board's committees and to serve as the chairman of each such committee. In making its determinations, the Committee shall take into consideration: (a) balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors which may result from the rotation of committee members and chairmen; (b) subject matter expertise; (c) applicable SEC, IRS, NYSE or other legal requirements; (d) tenure; and (e) the desires of individual Board members. After reviewing the Corporate Governance and Nominating Committee's determinations, the Board shall be responsible for ratifying the appointment of the chairmen of, and members on, the Board's various committees. The Board does not believe that mandatory rotation of committee chairmanships or memberships necessarily enhances corporate governance.

**G. Leadership Evaluation and Development.**

1. Evaluation of Chief Executive Officer.

The Compensation Committee shall annually conduct a performance evaluation of the Chief Executive Officer in a manner deemed appropriate by the Chairman of the Compensation Committee and shall meet in executive session to review the Chief Executive Officer's performance. The results of this review and evaluation shall be communicated to the Chief Executive Officer and the Board by the Chairman of the Compensation Committee.

2. Succession Planning and Management Development.

The Compensation Committee shall take such actions as it deems appropriate to ensure that a satisfactory system is in effect for the education, development, and orderly succession of senior and mid-level managers throughout the Company. In this regard, on an annual basis, the Chief Executive Officer shall prepare and distribute to the Compensation Committee, for its review and approval, a report on succession planning for all senior executive officers of the Company. In addition, on an annual basis, the Chief Executive Officer shall prepare and distribute to the Compensation Committee, for its review and approval, a short-term succession

plan which delineates a temporary delegation of authority to certain senior executive officers of the Company, if all or a portion of the senior executive officers should unexpectedly become unable to perform their duties. The short-term succession plan shall be in effect until the Compensation Committee has the opportunity to more fully consider the applicable situation and take any appropriate or necessary action.

## H. Other Guidelines.

### 1. Prohibition Against Loans to Directors and Executive Officers.

Other than loans or the extension of credit in the ordinary course of the Company's business as allowed by applicable law, the Company shall not, directly or indirectly, extend or maintain credit, or arrange for the extension of credit, in the form of a personal loan to or for the Company's directors or officers.

### 2. Approval and Disclosure of Related Party Transactions and Conflicts of Interest.

The Corporate Governance and Nominating Committee, in consultation with the Lead Independent Director, shall consider and approve or disapprove of all related party transactions and other questions of actual and potential conflicts of interests or appearances of impropriety involving the Company and any director, executive officer, senior financial officer or any related party. Any waivers of or changes in the Company's Code of Conduct granted for directors, officers or senior financial officers, as well as any approved material related party transactions involving the Company's directors, officers or senior financial officers, shall be disclosed to the Company's shareholders in accordance with the requirements of the SEC, the listing standards of the NYSE and other applicable laws.

### 3. Policy Against Underwater Stock Option Repricings.

The Board believes that it would be contrary to the best interests of the Company's shareholders to grant stock options to its directors, officers or employees at an exercise price that was below the fair market value of the Company's common stock as the date of grant, or allow for the repricing or rescission and regrant of outstanding underwater stock options.

### 4. Shareholder Approval of Equity-Compensation Plans.

The Board believes that the Company's shareholders should be given the opportunity to vote on all of the Company's new and amended equity-compensation plans, other than inducement options, those plans related to mergers and acquisitions, and tax-qualified and excess benefit plans.

### 5. Code of Conduct.

The Board believes that the consistent conduct of the Company's business in an honest and ethical manner is vitally important to maintaining public trust and

confidence in the Company and its employees. As a result, the Corporate Governance and Nominating Committee shall adopt, and thereafter annually review, a corporate Code of Conduct designed to ensure that the Company and its employees comply with the highest business standards of integrity and ethical and moral business conduct. The Corporate Governance and Nominating Committee shall be responsible for overseeing the interpretation and enforcement of this Code of Conduct. The Code of Conduct shall be posted on the Company's website, and distributed or made available to all employees, and made available in print to any requesting shareholder. Any waivers of, or changes in, the Code of Conduct for directors, officers or senior financial officers shall only be granted by the Corporate Governance and Nominating Committee and must be properly publicly disclosed in accordance with the requirements of the SEC, the listing standards of the NYSE and other applicable laws.

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