

CORPORATE GOVERNANCE GUIDELINES



Adopted by our Board of Directors (the Board) serve as a framework for Board governance over the affairs of the Corporation for the benefit of its shareholders.

ROLES OF MANAGEMENT AND THE BOARD

The Company's officers and employees, under the direction of its Chief Executive Officer and the oversight of the Board, conduct the Company's business with the goal of enhancing the long-term value of the Company for the benefit of its shareholders. The Board is elected by the shareholders to oversee the management of the Company and to help assure that the interests of the shareholders are served.

BOARD COMPOSITION

Under the Company's Bye-Laws, the number of directors of the Company should not be less than three or such greater number as 75% of the Board may approve. Also, the Company is to have a staggered board comprised of three classes, with each class having, as nearly as possible, a number of directors equal to one-third of the total number of directors (subject to the rights of holders of any class of preferred shares which the Company may issue in the future). The Board currently believes that the optimal number of members of the Board is between six and twelve. Candidates for nomination or re-election to the Board will be identified by the Nominating and Corporate Governance Committee and recommended to the Board for approval. Each director should meet the qualifications for Board membership set forth in Paragraph 3 below. A majority of the Board will consist of directors who are independent, as determined in accordance with the Corporate Governance Rules of The Nasdaq Stock Market LLC and the associated interpretative materials. Annually, the Board will review all relevant relationships of directors to determine whether directors meet such governance listing standards and are otherwise independent. The Board may, in its discretion, create one or more director emeritus positions. Any such positions shall be created by the decision of a majority of the Board. Any director emeritus position created shall be for a three-year term or until the earlier of such director emeritus' death, resignation, retirement or removal (and such removal may be effected by majority of the Board for any, or no, reason). Any director emeritus may be re-appointed for one or more additional three-year terms. Any person holding the position of director emeritus shall not be considered a director or officer or a member of the Board for any purpose, including the Company's bye-laws, applicable federal securities laws (other than pursuant to the last sentence of this paragraph) and the Companies Act 1981 of Bermuda, as it may be amended (the "Act"), and a director emeritus shall have no power or authority to manage the affairs of the Company. A director emeritus shall not have any of the responsibilities or liabilities of a director or officer of the Company under the Act or the Company's bye-laws, nor any of a director's or officer's rights, powers or privileges in their capacity as director emeritus. Reference in these Corporate Governance Guidelines to "directors" shall not mean or include directors emeritus. A director emeritus shall remain subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934, as amended, and shall remain subject to all of the Company's policies applicable to directors.

DIRECTOR QUALIFICATION

Candidates for nomination or re-election to the Board should possess the following qualifications, among others:

- The highest level of personal and professional ethics, integrity and values;
- Expertise that is useful to the Company and complementary to the background and expertise of the other members of the Board;
- A willingness and ability to devote the time necessary to carry out the duties and responsibilities of Board membership;
- A desire to ensure that the Company's operations and financial reporting are effected in a transparent manner and in compliance with applicable laws, rules and regulations; and
- A dedication to the representation of the best interests of the Company and all of its shareholders.

Director emeritus positions are created in recognition of such persons' significant expertise in both Company and industry matters. It is expected that those serving in director emeritus positions will be able to contribute in an advisory capacity on the basis of their expertise and be able to meaningfully assist the Board in discharging their responsibilities.

DIRECTOR RESPONSIBILITIES

The business and affairs of the Company will be managed under the direction of the Board in accordance with applicable law. The core responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareowners. Directors must fulfill their responsibilities consistent with their fiduciary duties to the shareowners, in compliance with all applicable laws and regulations. Directors will also, as appropriate, take into consideration the interests of other stakeholders, including employees and the members of communities in which the Company operates.

The Board provides advice and counsel to the Chief Executive Officer and other senior officers of the Company. The Board oversees the proper safeguarding of the assets of the Company, the maintenance of appropriate financial and other internal controls and the Company's compliance with applicable laws and regulations and proper governance.

To promote the discharge of this responsibility and the efficient conduct of the Board's business, the Board has developed a number of specific expectations of directors.

- **Commitment and Attendance:** Directors should make every effort to attend, whether in person or telephonically, meetings of the Board and meetings of Board committees on which they serve. Directors are expected to review all materials provided at or in advance of meetings of the Board and its committees.
- **Participation in Meeting:** Each director should be sufficiently familiar with the business of the Company and its subsidiaries to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves.
- **Ethics and Conflicts of Interest:** The Company has adopted a Code of Business Conduct. Directors are expected to be familiar with and to adhere to that Code, including, for example, its provisions governing conflicts of interest. If a director has an actual or potential conflict of interest (which includes being a party to a proposed "related party transaction"¹), the director should promptly inform the Chief Executive Officer and the Chairperson of the Audit Committee (or, if the Chief Executive Officer or Chairperson of the Audit Committee has the conflict, then the Chairperson of the Nominating and Corporate Governance Committee). Situations that may give rise to a conflict of interest should be discussed with the Company's Chief Legal Officer in advance. Directors should recuse themselves from any discussion or decision by the Board or a Board committee that involves or affects their personal, business or professional interests. A committee of the Board comprised of all disinterested independent directors (or such other independent committee of the Board as the Board may designate from time to time) will resolve any conflict of interest issue involving a director. The Audit Committee (or such other independent committee of the Board as the Board may designate from time to time) will resolve any conflict of interest issue involving the Chief Executive Officer or any other executive officer of the Company. No related party transaction may be effected by the Company without the approval of the independent committee of the Board designated by the Board to resolve conflicts of interest. The Chief Executive Officer or a senior officer designated by the Chief Executive Officer will resolve any conflict of interest issue involving any other employee.
- **Other Relationships:** The Company values the experience directors bring from their separate business endeavors and from other boards on which they serve. However, the Company recognizes that these commitments may also present demands on a director's time and availability and may present conflicts, or potential conflicts, of interest. Directors should advise the Chairman of the Nominating and Corporate Governance Committee before accepting membership on other boards of directors or committees thereof or making changes in other significant commitments involving affiliations with other businesses, charitable organizations or governmental entities.

- Confidentiality: The proceedings and deliberations of the Board and its committees are confidential. Each director should maintain the confidentiality of information received in connection with his service as a director. Unless otherwise approved by the Chief Legal Officer, meetings, proceedings and deliberations of the Board are not permitted to be video, taped or otherwise electronically recorded.

PRESIDING DIRECTOR; MEETINGS OF INDEPENDENT DIRECTORS; PRESENCE OF DIRECTOR EMERITUS

The Board will have a Presiding Director to preside over private sessions of the independent directors. The role of Presiding Director will rotate annually (between annual general meetings of shareholders) among the Chairperson of the Compensation Committee, Nominating and Corporate Governance Committee and Audit Committee. The Presiding Director will discuss with the independent directors prior to each regularly scheduled Board meeting the need for a private session. In any event, the independent directors will meet in private session at least twice each year.

A director emeritus may attend any Board meetings and attend meetings of any committee of the Board, but they shall not be entitled to vote or be counted for quorum purposes at any such meetings. If present, a director emeritus may participate in the discussions occurring at such meetings, but shall not be entitled to vote and shall be obliged to, upon request of the Chairman of the relevant meeting, vacate the board meeting prior to a vote taking place.

Directors emeritus must disclose any potential conflicts of interest that may arise in the context of any matter that forms the subject of Board discussion, and may be required by the Chairman of the Board to recuse themselves from any such discussion.

DIRECTOR ACCESS TO MANAGEMENT

Each director will have unabridged access to senior management and other employees of the Company in order to become and remain informed about the Company's business and for any other purpose relevant to the fulfillment of the responsibilities of a member of the Board.

REPORTING VIOLATIONS OR OTHER CONCERNS

Anyone who wants to report a concern relating to the Company's Code of Business Conduct or the Company's accounting, internal accounting controls or auditing matters may communicate that concern directly to the Audit Committee of the Board or to any one or more of the non-employee directors of the Company. Any such communication may be confidential or anonymous and may be made by mail, phone or fax or via a web-based reporting system, in each case to the address, phone or fax numbers or website address specified in the "Code of Business Conduct" available on the Company's website. Questions or concerns relating to accounting, internal controls, auditing or officer conduct will be sent to the Chairman of the Audit Committee and any other nonemployee director designated by the Board to receive such questions or concerns and at the same time will be reviewed and addressed by one or more members of management in the same way that other concerns are addressed by the Company. The status of all outstanding concerns addressed to nonemployee directors will be reported to the Chairman of the Audit Committee on a regular basis. The Chairman of the Audit Committee (or any other non-employee director designated by the Board) may direct that a matter be presented to the Board, the Audit Committee or another committee designated by the Board and may direct that various actions, including the retention of one or more outside advisors or counsel, be taken to assure that a concern is properly addressed.

RETENTION OF ADVISORS

The Board may engage the services of independent consultants or advisors, at the Company's expense.

DIRECTOR COMPENSATION

The Board should annually review the form and amount of all types of compensation to be paid by the Company to or on behalf of members of the Board, including, without limitation, cash fees, equity incentives and contributions to charities at the behest of Board members. Board compensation should be customary, reasonable and competitive, as determined by the Board. Directors who are employees of the Company will not receive additional compensation for service on the Board or any committee of the Board. Such Directors may, however, have a portion of their base salary designated as being received for such directors' service on the Board or any committee of the Board.

A director emeritus will be entitled to receive fees and other remuneration for such service in such form and amount as approved by the Board, and shall be reimbursed for reasonable travel and other out-of-pocket business expenses incurred in connection with attendance at meetings of the Board and its committees.

NON-EMPLOYEE DIRECTOR EQUITY OWNERSHIP GUIDELINES

Non-employee members of the Board are encouraged to have an appropriate level of equity ownership in the Company in order to align their economic interests with those of the other shareholders of the Company. As a guideline, each non-employee director should own equity securities of the Company equal in value to at least \$100,000 within three years of first being elected or appointed to the Board. Equity securities for this purpose include vested shares and share units that are deferred pursuant to any applicable deferred compensation plan and vested stock options and share appreciation rights. Vested stock options and share appreciation rights will be valued for this purpose at fifty percent (50%) of their intrinsic value.

ORIENTATION OF NEW DIRECTORS

The Board or the Nominating and Corporate Governance Committee may develop and oversee an orientation program for new members of the Board. The orientation program should provide new directors with comprehensive information about the Company's business, performance, policies and procedures and the responsibilities and expectations of members of the Board.

CONTINUING EDUCATION

The Company will facilitate the participation of all Board members in continuing education programs, at the expense of the Company, that are relevant to the business and affairs of the Company and the fulfillment of the directors' responsibilities as members of the Board.

MANAGEMENT EVALUATION AND SUCCESSION PLANNING

The Compensation Committee shall review and approve annually the corporate goals and objectives relevant to the compensation of the CEO and shall evaluate annually the CEO's performance in light of those goals and objectives.

The Board or an independent committee of the Board as the Board may designate from time to time, will develop a succession plan for selecting a successor to the Chief Executive Officer, both in the event of an emergency and in the ordinary course of business. The succession planning should include an assessment of the experience, performance and skills of possible successors. The succession plan will be reviewed at least annually by the Board.

SELF-EVALUATION

Each year, the Board will conduct a self-evaluation to determine whether it is functioning effectively. In connection with the annual self-evaluation, the Chair of the Nominating and Corporate Governance Committee will be responsible for seeking from each director his or her evaluation of the performance of the Board. The Board will discuss these evaluations and determine what, if any, action should be taken to improve its performance.

FLEXIBILITY

The Board believes that the policies and procedures described in these Corporate Governance Guidelines should remain flexible to facilitate the Board's ability to respond to changing circumstances and conditions in fulfilling its responsibilities to the Company and its shareholders. Accordingly, the Board reserves the right to amend these Corporate Governance Guidelines or grant waivers hereunder, from time to time. Any such amendment or waiver will be disclosed if required by and in accordance with applicable securities laws and regulations and the Corporate Governance Rules of The Nasdaq Stock Market LLC.