

# CORPORATE GOVERNANCE POLICIES

## OVERVIEW

The Board of Directors (the “Board”) of FirstEnergy Corp. (the “Company”) believes the Company’s policies and practices should enhance the Board’s ability to adequately represent the interests of the Company’s shareholders and customers.

In support of this philosophy, the Board has adopted these *Corporate Governance Policies* (the “Policies”), which, along with the charters of the various Board committees, serve as a framework for meeting its duties and responsibilities with respect to the governance of the Company, and for addressing organizational changes to the Board should they occur in the future.

## BOARD OF DIRECTORS

### **I. Board Composition**

#### *1. Size of the Board*

The number of Directors shall be no less than nine nor more than 16 pursuant to Section 11 of the Company’s Amended Code of Regulations. The Board recognizes that the specific number of Directors should not be predetermined and that the size of the Board may fluctuate from time to time in order to take into account the qualifications and expertise of current members and to allow the Board to add outstanding candidates and maintain continuity.

#### *2. Mix of Independent Directors*

A “substantial majority” of the Board’s Directors will be “independent.” A “substantial majority” of the Board is considered independent when at least two-thirds of the Directors are independent, as defined below. The Board is willing to have members of management, in addition to the chief executive officer (“CEO”),<sup>1</sup> as Directors.

#### *3. Determination of Independence*

The Corporate Governance Committee of the Board has established Director qualification standards to assist it and the Board in determining Director Independence, which either meet or exceed the independence requirements of the New York Stock Exchange (“NYSE”) corporate governance listing standards. The Board will consider all relevant facts and circumstances in making an independence determination, and not merely from the standpoint of the Director, but also from that of persons or organizations with which the Director is affiliated.

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<sup>1</sup> “President” shall be substituted for each reference in this Charter to “CEO” if the office of CEO is vacant for any reason.

These standards conform to the definition of an “independent” Director as set forth by the NYSE corporate governance listing standards and these Policies. The Board must affirmatively determine that the Director has no material relationship with the Company, either directly or as a partner, shareholder or officer of an organization with such a relationship with the Company. When determining independence, the Board shall broadly consider all relevant facts and circumstances and shall apply the following standards:

A. In no event will a Director be considered independent if:

(i) the Director is, or has been within the last three years, an employee of the Company, or an immediate family member<sup>2</sup> is, or has been within the last three years, an executive officer, of the Company;

(ii) the Director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

(iii) (A) the Director is a current partner or employee of a firm that is the Company’s internal or external auditor; (B) the Director has an immediate family member who is a current partner of such a firm; (C) the Director has an immediate family member who is a current employee of such a firm and personally works on the Company’s audit; or (D) the Director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company’s audit within that time;

(iv) the Director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company’s present executive officers at the same time serves or served on that company’s compensation committee; or

(v) the Director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company’s consolidated gross revenues.

B. The following commercial and charitable relationships will not be considered to be a material relationship that would impair a Director’s independence: (i) if the Director, an immediate family member or a person or organization with which the Director has an affiliation purchases electricity or related products or services from the Company or its subsidiaries in the ordinary course of business and the rates or charges involved in the transaction are fixed in conformity with law or governmental authority or otherwise meet the requirements of Item 404(a) Instruction 7 of Regulation S-K and (ii) the aggregate charitable contributions made by

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<sup>2</sup> For purposes of these Policies, an immediate family member includes any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, or any other person (other than a tenant or employee) sharing the household of any such Director.

the Company to an organization with which a Director, an immediate family member or a person or organization with which the Director has an affiliation were less than \$100,000 in each of the last three fiscal years. Notwithstanding the foregoing, the Board will not treat a Director's relationship with the Company as categorically immaterial if the relationship otherwise conflicts with the NYSE corporate governance listing standards or is required to be disclosed by the Company pursuant to Item 404 of Regulation S-K.

C. Annually, the Board will undertake a review of the independence of all Directors. In advance of the meeting at which the review occurs, each Director shall be asked to provide the Corporate Secretary with full information regarding the Director's (including immediate family members') business, charitable and other relationships with the Company and its subsidiaries to enable the Board to evaluate the Director's independence. Based on a review of the relevant information and the recommendation of the Corporate Governance Committee, the Board will affirmatively determine whether a Director may be considered "independent."

Specifically, information regarding relationships that are not considered material relationships under paragraph B will be made available to the Board or such Committee upon request. There is no presumption that relationships that do not fall within the exceptions in paragraph B are material, and the Board may determine that a Director who has a relationship that does not fall within either exception described in paragraph B (to the extent that any such relationship would not otherwise constitute a bar to independence under the NYSE listing standards) is nonetheless independent.

The Board generally has the discretion to determine, on a case by case basis and consistent with applicable Securities and Exchange Commission ("SEC") and NYSE rules and regulations, what constitutes a "material relationship" with the Company.

Compliance with the independence requirements is reviewed annually by the Corporate Governance Committee. Additionally, should any independent Director learn of changes to his or her information that was used to determine independence, such Director shall, as soon as practicable, notify the Corporate Secretary of the relevant information. The Corporate Governance Committee, through its Chair, shall notify the entire Board upon receipt of such notification from the Director or Corporate Secretary, and the Board shall review any such change and determine the appropriateness of the Director's continued membership on the Board and applicable Board Committees.

The ownership of stock in the Company by Directors is encouraged and the ownership of a substantial amount of stock is not in itself a basis for a Director to be considered as not independent.

#### *4. Independence for Audit Committee Members*

The Board will determine, for purposes of Audit Committee membership, whether the members of the Audit Committee are independent and whether the members meet the independence and other requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"),

and NYSE rules and regulations, including whether a particular Director is an “Audit Committee Financial Expert” under SEC rules.

#### *5. Independence for Compensation Committee Members*

The Board will determine, for purposes of Compensation Committee membership, whether the members of the Compensation Committee are independent and whether the members meet the independence and other requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and NYSE rules and regulations.

In affirmatively determining the independence of any Director who will serve on the Compensation Committee of the Board, the Board must also consider all factors specifically relevant to determining whether a Director has a relationship to the Company which is material to that Director's ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to:

(A) the source of compensation of such Director, including any consulting, advisory or other compensatory fee paid by the Company to such Director; and

(B) whether such Director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

When considering the sources of a Director's compensation in determining his or her independence for purposes of Compensation Committee service, the Board should consider whether the Director receives compensation from any person or entity that would impair his or her ability to make independent judgments about the Company's executive compensation. Similarly, when considering any affiliate relationship a Director has with the Company, a subsidiary of the Company, or an affiliate of a subsidiary of the Company, in determining his or her independence for purposes of Compensation Committee service, the Board should consider whether the affiliate relationship places the Director under the direct or indirect control of the Company or its senior management, or creates a direct relationship between the Director and members of senior management, in each case of a nature that would impair his or her ability to make independent judgments about the Company's executive compensation.

#### *6. Director Resignation Policy*

***Resignation for Majority Withheld Vote.*** In an uncontested election of Directors (*i.e.*, an election where the only nominees are those recommended by the Board), any nominee for Director who receives a greater number of votes “withheld” from his or her election than votes “for” his or her election (a “Majority Withheld Vote”) will promptly tender his or her resignation to the Corporate Governance Committee of the Board following certification of the shareholder vote.

The Corporate Governance Committee will promptly consider the tendered resignation and will recommend to the Board whether to accept or reject the tendered resignation no later than 60 days following the date of the shareholders’ meeting at which the election occurred (the

“Shareholders’ Meeting Date”). In considering whether to accept or reject the tendered resignation, the Corporate Governance Committee will consider factors deemed relevant by the Committee members including, without limitation, the Director’s length of service, the Director’s particular qualifications and contributions to the Company, the overall composition of the Board, the reasons underlying the Majority Withheld Vote (if known) and whether these reasons can be cured, and compliance with stock exchange listing standards and these Corporate Governance Guidelines.

The Board will act on the Corporate Governance Committee’s recommendation no later than at its next regularly scheduled Board meeting. In considering the Corporate Governance Committee’s recommendation, the Board will consider the factors considered by the Corporate Governance Committee and any such additional information and factors the Board believes to be relevant.

If one or more Directors’ resignations are accepted by the Board, the Corporate Governance Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board. If one or more Directors’ resignations are not accepted by the Board, such Director(s) will continue to serve until the next annual meeting of shareholders or until his or her successor has been elected and duly qualified.

Any Director who tenders his or her resignation pursuant to this provision will not participate in the Corporate Governance Committee recommendation or Board consideration regarding whether to accept or reject the tendered resignation. If a majority of the members of the Corporate Governance Committee received a Majority Withheld Vote at the same election, then the independent Directors who are on the Board who did not receive a Majority Withheld Vote will automatically be appointed a special Board committee solely for the purpose of considering the tendered resignations and will recommend to the Board whether to accept or reject them. Further, if all the Directors received a Majority Withheld Vote in the same election, the Board will appoint a special committee of independent Directors to consider each tendered resignation (other than his or her own) and recommend to the Board whether to accept or reject it. If a Director fails to tender his or her resignation then such Director shall not be nominated for election at the next annual meeting of shareholders.

## *7. Board Membership Criteria*

The Corporate Governance Committee is responsible for reviewing on an annual basis the appropriate skills and characteristics required of Directors in the context of the current makeup of the Board. This assessment should include issues of diversity, age, business or administrative experience and skills – in addition to such other attributes deemed appropriate by the Corporate Governance Committee, all in the context of an assessment of the perceived needs of the Board at that point in time. Certain minimum qualifications and specific qualities and skills desired from director candidates are further detailed in the Company’s Corporate Governance Committee Charter.

A director should notify the Corporate Secretary and/or the Chair of the Corporate Governance Committee in advance of accepting an invitation to serve on another public company’s board. In

addition, without the Board's approval, no Director may serve on the board of directors of more than three other public companies. Further, without the Board's approval, no Director who serves as (i) an executive officer of any public company may serve on a total of more than two public company boards of directors and (ii) an Audit Committee member may serve on a total of more than three public company audit committees.

#### 8. *Selection of New Director Candidates or Candidates for Re-nomination*

The Corporate Governance Committee is responsible for identifying individuals qualified to become Directors in a manner that is consistent with the criteria approved by the Board and to recommend to the Board, for its determination, the Director nominees for the next annual meeting of shareholders. The Corporate Governance Committee's process for identifying and evaluating nominees for Director, including nominees recommended by shareholders, is set forth in the Company's Corporate Governance Committee Charter.

Prior to accepting re-nomination, a Director should also evaluate for himself or herself whether he or she satisfies the criteria set forth herein and in the Corporate Governance Committee Charter.

#### 9. *Extending the Invitation to a Potential Director Candidate*

The invitation to join the Board should be extended by the Board itself, by the Chairman of the Board ("Chairman"), the CEO, or the Chair of the Corporate Governance Committee.

## **II. Board Responsibilities**

### 1. *Governance Responsibilities of the Board*

- Adopt and disclose the Company's corporate governance policy in the form of these Corporate Governance Policies;
- Adopt and publish written charters for the Audit, Compensation, Finance, Nuclear, and Corporate Governance Committees as discussed below;
- Adopt and publish a code of conduct and ethics for Directors, as discussed below;
- Adopt and publish a code of business conduct for all employees, as discussed below;
- Approve and promptly disclose any waivers, for executive officers or Directors, of the Board of Directors Code of Ethics and Business Conduct or the Code of Business Conduct, or substantive changes to the foregoing documents, on or before the date required by law;
- Cause an orientation session to be conducted for new Board members upon their election or appointment;

- Make available and encourage continuing education programs for Board members which may include internal strategy meetings, third-party presentations, and externally offered programs; and
- Make any required independence determination as to members of the Board and each committee.

## *2. Ethical Business Environment*

The Board believes that the long-term success of the Company is dependent upon the maintenance of an ethical business environment that focuses on adherence to both the letter and the spirit of regulatory and legal mandates.

Board and committee agendas and materials are established with legal and regulatory requirements in mind. The Board expects that Directors will acknowledge adherence to the Board of Directors Code of Ethics and Business Conduct and that management will acknowledge adherence to and conduct operations consistent with the Code of Business Conduct, which are posted on the Company's internal and external web sites. Any waiver for executive officers or Directors of the Board of Directors Code of Ethics and Business Conduct or the Code of Business Conduct or substantive changes to the foregoing documents may be made only by the Board or a Board committee and shall promptly be disclosed to shareholders on or before the date required by law.

## *3. Board Interaction with Investors, the Media and Customers*

The Board believes that management speaks for the Company. Individual Directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. But, it is expected that Directors would do this with the knowledge of management, and, in most instances, at the request of management.

Notwithstanding the foregoing, shareholders may send written communications to the Board by mailing any such communications to the Board, in care of the Corporate Secretary. The name and address of the Corporate Secretary are to be set forth in the Company's annual proxy statement.

The Corporate Secretary or a member of his or her staff shall review all such communications promptly and relay them directly to a member of the Board; provided that such communications (i) bear relevance to the Company and the interests of the shareholder, (ii) are capable of being implemented by the Board, (iii) do not contain any obscene or offensive remarks, (iv) are of a reasonable length, and (v) are not from a shareholder who has already sent two such communications to the Board in the last year. The Board may modify procedures for sorting shareholders communications or adopt any additional procedures provided that they are approved by a majority of independent Directors.

### **III. Board Meetings**

#### *1. Selection of Agenda Items for Board Meetings*

The CEO, in consultation with the Chairman if the CEO is not the Chairman, will establish the agenda for each Board meeting.

Each Director is free to suggest item(s) for the agenda.

#### *2. Board Materials Distributed in Advance*

Information and data that are important to the Board's understanding of the business will generally be distributed in writing to the Board before the Board meets. Directors shall review the materials in advance of the meetings. Management will make every attempt to see that this material is as concise as possible while still providing the desired information.

#### *3. Presentations*

Presentations on specific subjects should be sent to the Directors in advance when it is feasible to do so. On those occasions when it is not feasible or appropriate, discussion between the Board and management to provide background to the Board is encouraged.

#### *4. Attendance at Meetings*

Directors are expected to attend all scheduled Board and committee meetings and the Company's Annual Meeting of Shareholders. The Board believes that regular attendance at Board meetings by members of management who are designated by the CEO or requested by the Board is appropriate.

#### *5. Executive Sessions of Non-Management Directors and Independent Directors*

Non-management Directors shall meet as a group in Executive Sessions without management at least six regularly scheduled times in each calendar year. "Non-management" Directors are all those who are not Company executive officers, and includes those Directors who are not independent by virtue of a material relationship, former status or family membership, or for any other reason. Furthermore, at least one such meeting each year will be attended only by independent Directors.

In addition to regularly scheduled Executive Sessions of non-management Directors, the Board will meet in an Executive Session of non-management or independent Directors when requested by the Chairman, the CEO, or any member of the Board.

So long as the Chairman has been determined by the Board to be independent, the Chairman will preside over all executive sessions at which the Chairman is present. In those instances when the non-management Directors or independent Directors meet without the Chairman, the chairmanship of such meetings shall be rotated as determined by the Board. In order that all



interested parties may make their concerns known to the non-management Directors, such concerns may be submitted in writing to the Corporate Secretary of the Company and addressed to the “Non-Management Director Chair.” The Corporate Secretary shall deliver any such communications to the current or most recent chair of the meetings of non-management Directors. The chair shall have full discretion to handle any such communication as he or she sees fit, and shall not be obligated to address the communication during a meeting of non-management Directors.

#### **IV. Board Leadership**

##### *1. Selection of Chairman and CEO*

The Board believes that it needs to make the choices of Chairman and/or CEO at any given point in time in a way that is in the best interests of the Company and its shareholders. The Board has not adopted a specific policy or philosophy on whether the role of the CEO and Chairman should be separate.

##### *2. CEO Compensation Review*

Upon the annual recommendation of the Compensation Committee, the independent Directors shall approve the CEO’s compensation level based on the Compensation Committee’s evaluation of the CEO’s goals and objectives (including annual salary, short-term incentive, long-term incentive and other direct and indirect benefits).

##### *3. Former Chief Executive Officer’s Board Membership*

The Board believes that when a CEO retires or resigns, whether that person will remain a Director is a matter to be decided on a case by case basis. When the CEO retires or resigns from that position, he or she will promptly tender his or her resignation from the Board to the Corporate Governance Committee of the Board. The Corporate Governance Committee will promptly consider the tendered resignation and will recommend to the Board whether to accept or reject the tendered resignation. The Board will act on the Corporate Governance Committee’s recommendation no later than at its next regularly scheduled Board meeting.

A former CEO of the Company, within the last three years, serving on the Board will not be considered an independent Director for purposes of corporate governance.

#### **V. Board Evaluation and Compensation**

##### *1. Assessing the Board’s Performance*

The Corporate Governance Committee, shall facilitate and oversee the evaluation of the Board, its committees, individual Directors, and management and report annually to the Board concerning these evaluations. The Chairman, in consultation with the Chair of the Corporate Governance Committee, will annually review the individual performance and qualifications of each Director. This report will assess the contributions of the Board and its committees and

specifically review areas in which the Board and/or management believe improvement is possible. Input from the entire Board will be sought.

## *2. Board Compensation*

The Compensation Committee shall have the responsibility for recommending to the Board the form and amount of compensation and benefits for non-employee Directors. A portion of compensation should be in the form of the Company's common stock. To allow the Company to continue to attract and retain qualified Directors, compensation should be competitive with peer companies and should compensate Directors fairly for their time, effort, expertise and accountability.

Director compensation, including any compensation for committee services, shall be the only compensation Audit Committee and Compensation Committee members receive, directly or indirectly, from the Company. No director that is also an officer or employee of the Company shall receive compensation as a director.

The Board shall evaluate any other factors that may impact the independence of a particular Director when determining such Director's compensation.

Changes in Board compensation, if any, should come following full discussion and approval by the Board.

## **VI. Board Access to Management and Advisors**

### *1. Board Access to Senior Management*

Directors have complete access to management and, as needed, the books and records of the Company. It is assumed that Directors will use judgment to be sure that this contact is not distracting to the business operation of the Company and that such contact, if in writing, be copied to the CEO and to the Chairman, if the Chairman is not the CEO.

Furthermore, the Board encourages management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight as to the items being discussed because of personal involvement in these areas, and/or (b) are individuals with future potential that the senior management believes should be given exposure to the Board.

### *2. Board Access to Independent Advisors*

Directors have access to independent advisors as provided in the charters of the various Board committees and in such other circumstances as the Board shall approve from time to time. The independent Directors shall be entitled, acting as a group by vote of a majority of such independent Directors, to retain legal counsel, accountants, industry consultants, or other experts, at the Company's expense, to advise the independent Directors concerning issues arising in the exercise of their functions and powers consistent with the charters of the various Board committees and in such other circumstances as the Board shall approve from time to time.

It is assumed that Directors will use their judgment to be sure that this contact is not distracting to the business operation of the Company and that such contact, if in writing, is copied to the CEO and the Chairman, if the Chairman is not the CEO.

## **VII. Director Qualification and Management Succession**

### *1. Retirement Age*

The Board will not nominate a non-employee Director for re-election at any annual meeting of shareholders following his or her 72<sup>nd</sup> birthday and any non-employee Director that has reached the age of 72 shall be required to resign and retire from the Board as of the date of such annual meeting.

### *2. 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 causing the automatic loss of Directors who, in certain cases, 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.

### *3. Directors Who Change Their Present Job Responsibility or Geographical Location*

When there has been a major change in the responsibility that a Director held when he or she was elected to the Board or a major geographical change, the Director will notify the Corporate Secretary and/or the Chair of the Corporate Governance Committee of such change. The Corporate Governance Committee will review the circumstances and present its findings to the Board.

Directors who change from the position they held when they were elected to the Board or change geographical location should not necessarily leave the Board. The Corporate Governance Committee and/or the Board will review the continued appropriateness of Board membership and applicable Board committees under these circumstances.

### *4. Notice of Resignation, Retirement, or Refusal to Stand for Re-Election*

Any Director who intends to resign, retire, or refuse to stand for re-election shall provide written notice to the Corporate Secretary as soon as practicable after he or she has made such decision, regardless of whether such decision is conditional or subject to the acceptance of the Board or Corporate Governance Committee. Such notice of resignation or retirement shall specify the intended effective date of the resignation or retirement. A notice of refusal to stand for re-election shall specify when the applicable election will occur.

## *5. Management Succession Planning and Development*

Annually, the CEO should report to the independent Directors on management succession planning and on the Company's program for management development. Such succession planning should include policies and principles for CEO selection and performance review. There should also be available, on a continuing basis, the CEO's recommendation as to his or her successor should he or she be unexpectedly disabled or retire. Additionally, the Board shall receive periodic reports from appropriate executive officers on the development of other members of the Company's senior management.

## *6. Selection of New Director Candidates*

The Board's Corporate Governance Committee has been delegated the responsibility of developing and assessing the qualifications for Board membership and identifying qualified individuals with direct input from the Chairman and the CEO, if the CEO is not the Chairman.

## **BOARD COMMITTEES**

### **I. Number of Committees**

There will, from time to time, be occasion in which the Board may want to form a new committee or disband a current committee depending upon the circumstances and legal requirements. The current standing committees are Audit, Compensation, Corporate Governance, Finance and Nuclear.

The Audit, Compensation, and Corporate Governance Committees shall be composed entirely of independent Directors. The majority of the members of the Finance and Nuclear Committees will be independent Directors.

Each of the Audit, Compensation and Corporate Governance Committees of the Board has adopted a charter consistent with all applicable rules and regulations of the NYSE and the SEC.

### **II. Posting of Board Committee Charters and Corporate Governance Policies**

Each standing committee has adopted a charter outlining its membership requirements and procedures and its duties and responsibilities. These charters and Corporate Governance Policies are open to inspection by shareholders at all reasonable times during office hours and also are posted on the Company's web site at [www.firstenergycorp.com](http://www.firstenergycorp.com).

### **III. Assignment and Rotation of Committee Members**

The Board shall appoint the members of the committees taking into account independence, qualifications and other applicable requirements under NYSE and SEC rules and regulations, the experience and desires of the individual Directors, the needs of the committees, the recommendation of the Corporate Governance Committee and the suggestion of the Chairman and the CEO, if the CEO is not the Chairman. Consideration should be given to rotating committee members from time to time, but the Board does not feel that a rotation period should be mandated as a policy in order to ensure that appropriate expertise is maintained within each Committee.

### **IV. Frequency and Length of Committee Meetings**

Each committee chair, in consultation with committee members, will determine the frequency and length of the meetings of the committee with the understanding that all standing committees should meet at least annually, or more frequently as may be specified in the charter of a particular committee.

### **V. Committee Agenda**

The Chair of each committee, in consultation with the appropriate members of the Board and management, will develop the committee's agenda.

Each committee will issue a schedule of agenda subjects to be discussed for the ensuing year to the degree these can be foreseen. This forward agenda will also be shared with the respective committee members.

### **VI. Committee Procedures**

#### *1. Removal*

Consistent with the charters of the various Board committees, all of the members or any individual member of a committee may be removed from the committee with or without cause by the affirmative vote of a majority of the Board.

#### *2. Chair*

The Chair of a committee shall be designated by the Board. In the absence of such Chair, the members of the committee may designate the Chair by majority vote of the full committee membership. To facilitate transition, the Board shall not designate any Director to serve as a Chair of a committee as of the date of the annual meeting of shareholders that immediately precedes his or her 72<sup>nd</sup> birthday, unless the Board determines that it is in the best interests of the Company to extend a Director's service as a Chair of a committee for an additional period of time as deemed reasonable and appropriate by the Board.

### *3. Delegation*

A committee may, by resolution passed by a majority of the committee, designate one or more subcommittees, each subcommittee to consist of one or more members of the committee. Any such subcommittee to the extent provided in the resolutions of the committee and to the extent not limited by applicable law or listing standard, shall have and may exercise all the powers and authority of the committee. Each subcommittee shall have such name as may be determined from time to time by resolution adopted by the committee. Each subcommittee shall keep regular minutes of its meetings and report the same to the committee or when required.

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