

THE CHANDLER LAW FIRM CHARTERED

Please Reply to:
P.O. Box 27457
Washington, D.C. 20038-7457
202.296.8484
Fax 202.296.4098

INTELLECTUAL PROPERTY LAW

The Federal Bar Building
Suite 300
1815 Pennsylvania Ave., NW
Washington, D.C. 20006

Sender's Direct Dial: 202.842.4800

Sender's Fax: 202.296.4098

FACSIMILE TRANSMITTAL SHEET

Date: May 9, 2000

User Id: 0102

To: Michael T. McKibben

Your Letter / Fax: April 19, 2000
(Revised May 2, 2000)

Company: LEADER TECHNOLOGIES LLC

Your Ref:

Telephone Number: 614.890.1986

Our Ref: 0308-0101

Washington, D.C., May 9, 2000

From: Prof. James P. Chandler

Destination Fax: 614.864.7922

Subject: Agreements

Pages to Follow: 6

MESSAGE:

Please note that only the signature page of the Director Services Agreement is being transmitted by facsimile. All original documents will follow by overnight courier (UPS Airbill No. J033 909 724 0).

This message is intended for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure. If you are not the intended recipient, be aware that any disclosure, copying, distribution, or use of the contents of this facsimile are strictly prohibited.

If you have any problems with this transmission, please dial 202.296.8484.

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Washington, D.C. 20006

Professor James P. Chandler
Chairman

Writer's Direct Dial: 202.842.4800

May 9, 2000

VIA FACSIMILE 614.864.7922
ORIGINALS BY OVERNIGHT MAIL

Michael T. McKibben
Chairman & Chief Executive Officer
LEADER TECHNOLOGIES LLC
5330 East Main Street, Suite 200
Columbus, OH 43213

Re: Engagement Agreement

Dear Mr. McKibben:

I am in receipt of your letter dated April 19, 2000 (and revised May 2, 2000) which is further to our engagement agreement of April 6, 2000.

I am pleased to enclose herewith, in duplicate, executed copies of the 1.) Legal Services Exchange Contract, 2.) Director Services Agreement, and 3.) Initial Director [REDACTED] Agreement. Please counter-sign said documents where appropriate and return one set of originals to me for my file.

If you have any questions or require additional information, please contact me immediately at 202.842.4800.

Yours truly,

THE CHANDLER LAW FIRM CHARTERED

[REDACTED]
By: [Signature]
Professor James P. Chandler
Chairman

JPC:kec
enclosures (3)

LEADER

LEADER TECHNOLOGIES LLC

LEGAL SERVICES



The Chandler Law Firm Chartered and James P. Chandler, Chairman, ("CLF") does hereby promise to provide the following services in exchange for

DESCRIPTION OF SERVICES TO BE PROVIDED

- a. Providing legal services to LEADER TECHNOLOGIES LLC in the form of consultation on intellectual property matters, including but not limited to patents, trademarks, service marks, copyrights, trade secrets, licenses, licensing, software source code, confidential information, proprietary information, and security of all intellectual property and related matters.
- b. Participating in meetings with the CEO, CLO, Directors, Officers, Advisors, Employees and Contractors.
- c. Making policy recommendations concerning the business of the Company.
- d. Making recommendations concerning security and intellectual property protections, policies and procedures.

Affix additional pages as needed.

SCHEDULE OF SERVICES TO BE PROVIDED

- a. Commencing April 6, 2000 CLF will begin reviewing LEADER documentation and applications to understand the status of the intellectual property assets of the company and to begin to provide services regarding such property.
- b. Hourly basis with the services being performed and invoiced monthly in coordination with the development of the products and the launch of the developed product(s). The timetable for these services shall be finalization of the patent strategy by the end of June 2000 and the remaining intellectual property strategies as soon as practical in conformance with this exchange agreement.

Affix additional pages as needed.

TERMS OF PAYMENT

- a.
- b.
- c.
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- v.
- w.
- x.
- y.
- z.

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LEADER TECHNOLOGIES LLC



Affix additional pages as needed.

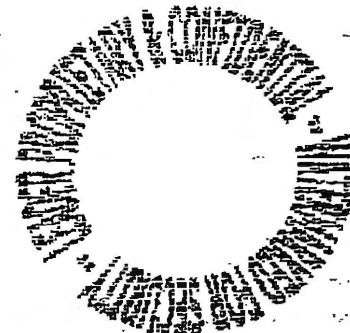
This exchange contract is agreed to by and between the undersigned and the Company effective this 5th day of May, 2000.

DIRECTOR

(Signature)
James E. Chandler
P.

LEADER TECHNOLOGIES LLC

By: _____
Michael T. McKibben
Its: Senior Manager



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LEADER TECHNOLOGIES LLC

3. **Common Sense and Courtesy.** All management personnel should be sensitized to potential Employee claims and encouraged to use common sense and courtesy when dealing with Employees. Acts that have the appearance of impropriety, even if otherwise justified, should be avoided. For example, Employees should not be discharged, even if for valid reasons, on the day after the person returns from jury duty or a pregnancy leave of absence. Inflammatory or sexually oriented materials or comments should be eliminated in the work environment. Employee complaints should be listened to and appropriately addressed. Simply giving the Employee attention and recognition may avoid expensive and distracting litigation.

ACKNOWLEDGEMENT

The undersigned hereby have read the preceding 14 (Fourteen) pages, had the opportunity to review it and understand its contents and agree to be bound by the terms, conditions, duties and responsibilities therein.

Signature of Director


James P. Chandler

Print Name

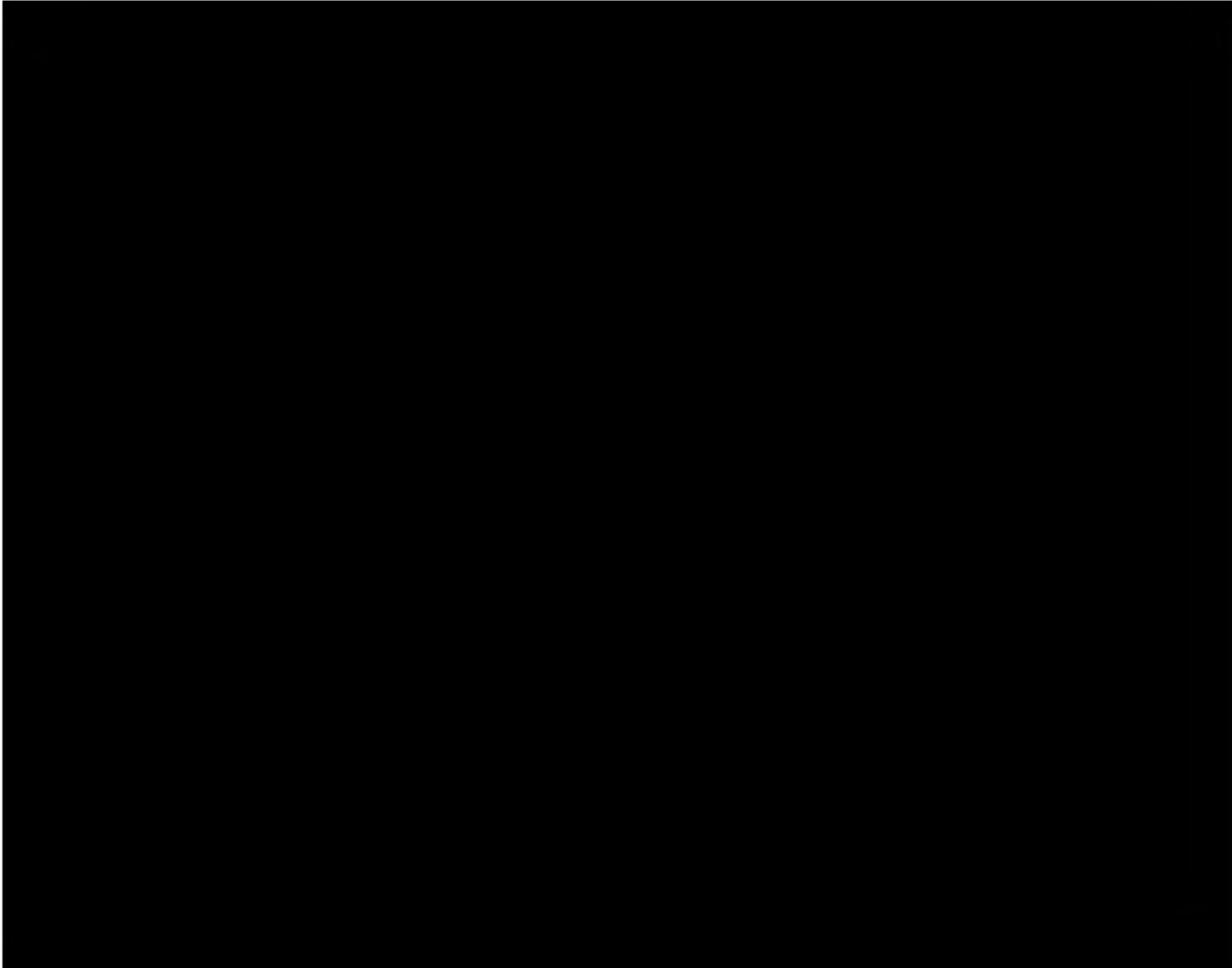
May 5, 2000
Date

Michael T. McKibben, Senior Manager

Date

CHANDLER DIRECTOR SERVICES AGREEMENT, PAGE 15 OF 16

LEADER TECHNOLOGIES LLC
An Ohio Limited Liability Company



CONFIDENTIAL - INTERNAL USE ONLY

[Redacted]

[Redacted]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

LEADER TECHNOLOGIES LLC

Michael T. McKibben
CEO & Senior Manager

I hereby accept

[Redacted]

Name (print)

James P. Chandler

Signature

[Handwritten Signature]

Date Accepted

May 5, 2000

THE CHANDLER LAW FIRM CHARTERED

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Fax 202.296.4098

INTELLECTUAL PROPERTY LAW

The Federal Bar Building
Suite 300
1815 Pennsylvania Ave., NW
Washington, D.C. 20006

Professor James P. Chandler
Chairman

Writer's Direct Dial: 202.842.4800

April 6, 2000

VIA HAND DELIVERY

Michael T. McKibben
Chairman & Chief Executive Officer
LEADER TECHNOLOGIES LLC
5330 East Main Street, Suite 200
Columbus, OH 43213

Re: Engagement Agreement

Dear Mr. McKibben:

In accordance with the rules of the District of Columbia Bar, the scope and terms of our proposed engagement are set forth as follows:

Further to our conversation, THE CHANDLER LAW FIRM CHARTERED agrees to undertake the assignment of providing professional legal services to LEADER TECHNOLOGIES LLC ("LEADER"). We will provide representation to LEADER in the form of consultation on intellectual property matters [REDACTED]. I will bill my work at the rate of \$ [REDACTED] per hour plus expenses. The Firm will invoice LEADER on a monthly basis with payment due upon receipt. All invoices and statements will be mailed to your attention at the above noted address. Our engagement commences on April 6, 2000.

If you have any questions or find anything in this letter unacceptable or require additional information, please contact me immediately at 202.842.4800.

Yours truly,
THE CHANDLER LAW FIRM CHARTERED

[REDACTED]
By: [Signature]
Professor James P. Chandler
Chairman

Agreed to and accepted by:
LEADER TECHNOLOGIES LLC
[Signature]

By: Michael T. McKibben, Chmn & CEO

Date: April 6, 2000

Chandler

LEADER

LEADER TECHNOLOGIES LLC

LEGAL SERVICES



The Chandler Law Firm Chartered and James P. Chandler, Chairman, ("CLF") does hereby promise to provide the following services in exchange for 

Services to be provided to LEADER TECHNOLOGIES LLC

- a. Providing legal services to LEADER TECHNOLOGIES LLC in the form of consultation on intellectual property matters, including but not limited to patents, trademarks, service marks, copyrights, trade secrets, licenses, licensing, software source code, confidential information, proprietary information, and security of all intellectual property and related matters.
- b. Participating in meetings with the CEO, CLO, Directors, Officers, Advisors, Employees and Contractors.
- c. Making policy recommendations concerning the business of the Company.
- d. Making recommendations concerning security and intellectual property protections, policies and procedures.

Affix additional pages as needed.

Schedule of Services to be performed

- a. Commencing April 6, 2000 CLF will begin reviewing LEADER documentation and applications to understand the status of the intellectual property assets of the company and to begin to provide services regarding such property.
- b. Hourly basis with the services being performed and invoiced monthly in coordination with the development of the products and the launch of the developed product(s). The timetable for these services shall be finalization of the patent strategy by the end of June 2000 and the remaining intellectual property strategies as soon as practical in conformance with this exchange agreement.

Affix additional pages as needed.

Notes of the services to be performed



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LEGAL SERVICES

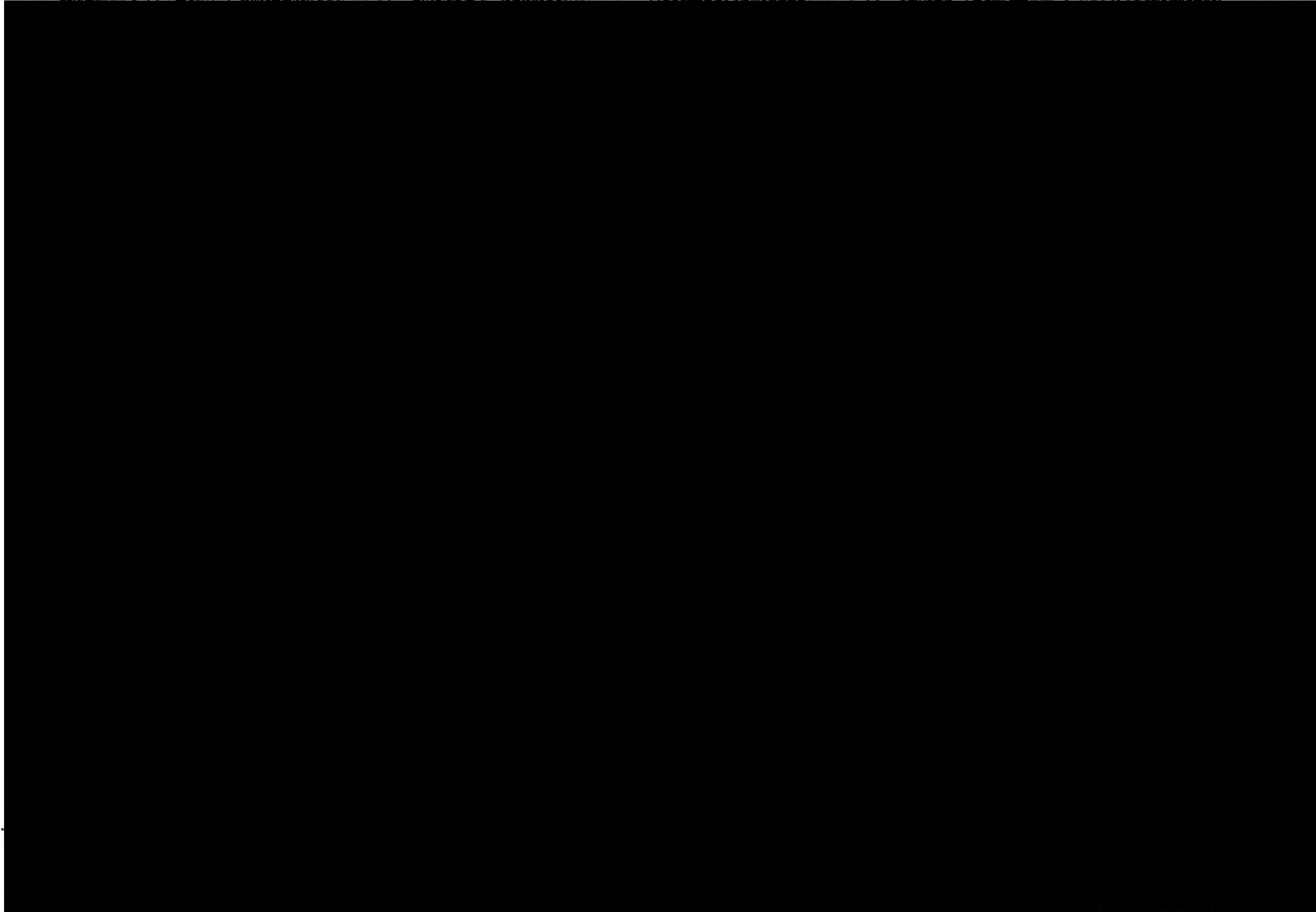


The Chandler Law Firm Chartered and James F. Chandler, Chairman, ("CLF") does hereby promise to provide the following services in exchange for 



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- c. Making policy recommendations concerning the business of the Company.
- d. Making recommendations concerning security and intellectual property protections, policies and procedures.

Affix additional pages as needed



LEADER
LEADER TECHNOLOGIES LLC



This exchange contract is agreed to by and between the undersigned and the Company effective this 5th day of May, 2000.

DIRECTOR



(Signature)
James E. Chandler
P.

LEADER TECHNOLOGIES LLC



By: Michael T. McKibben
Its: Senior Manager

Sr. Mgr.



THE CHANDLER LAW FIRM CHARTERED

ATTORNEYS AT LAW

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Washington, D.C. 20006

PROFESSOR JAMES P. CHANDLER
Writer's Direct Dial: 202.842.4800
E-mail <professorchandler@chandlerlawfirm.com>

December 11, 2000

VIA FIRST CLASS MAIL

Michael T. McKibben
Chairman and CEO
Leader Technologies LLC
921 Eastwind Drive
Suite 118
Westerville, OH 43081

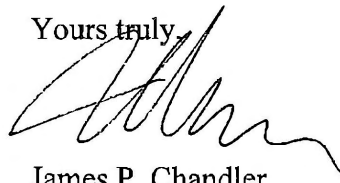
Re: **Initial Director** [REDACTED] **Agreement**

Dear Mike:

Further to James P. Chandler's Initial Director [REDACTED] Agreement as referenced above with Leader Technologies, LLC and dated April 16, 2000, this letter is to designate [REDACTED]
[REDACTED]

If you have any questions or require additional information, please contact me at 202.842.4800.

Yours truly,



James P. Chandler

JPC/kec

DEC 15 2000

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LEADER TECHNOLOGIES LLC

LEGAL SERVICES

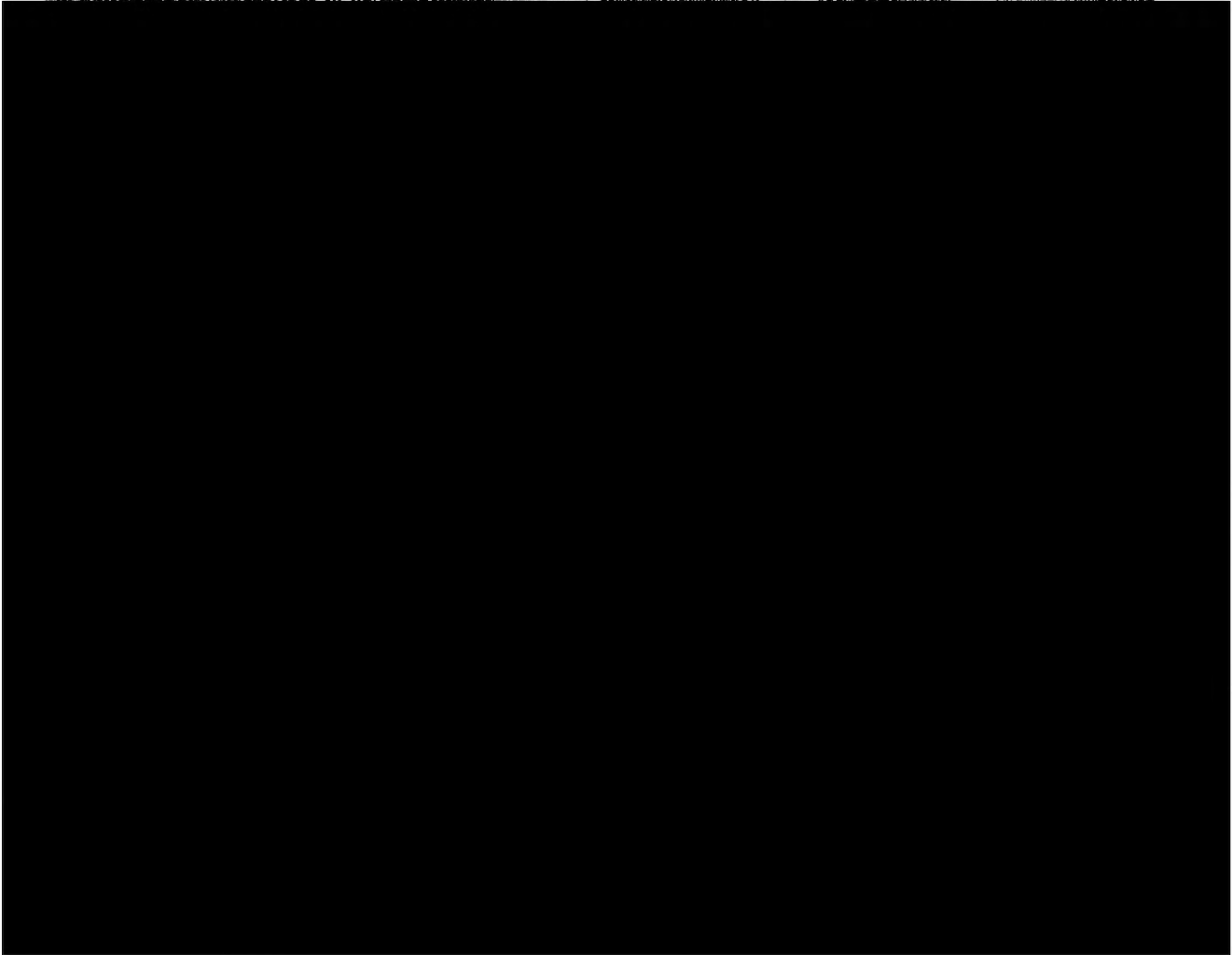


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Affix additional pages as needed.



LEADER

LEADER TECHNOLOGIES LLC



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DIRECTOR



(Signature)
James E. Chandler
P.

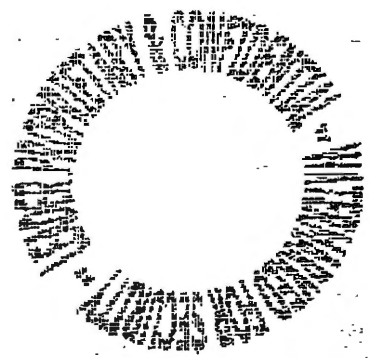
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LEADER TECHNOLOGIES LLC

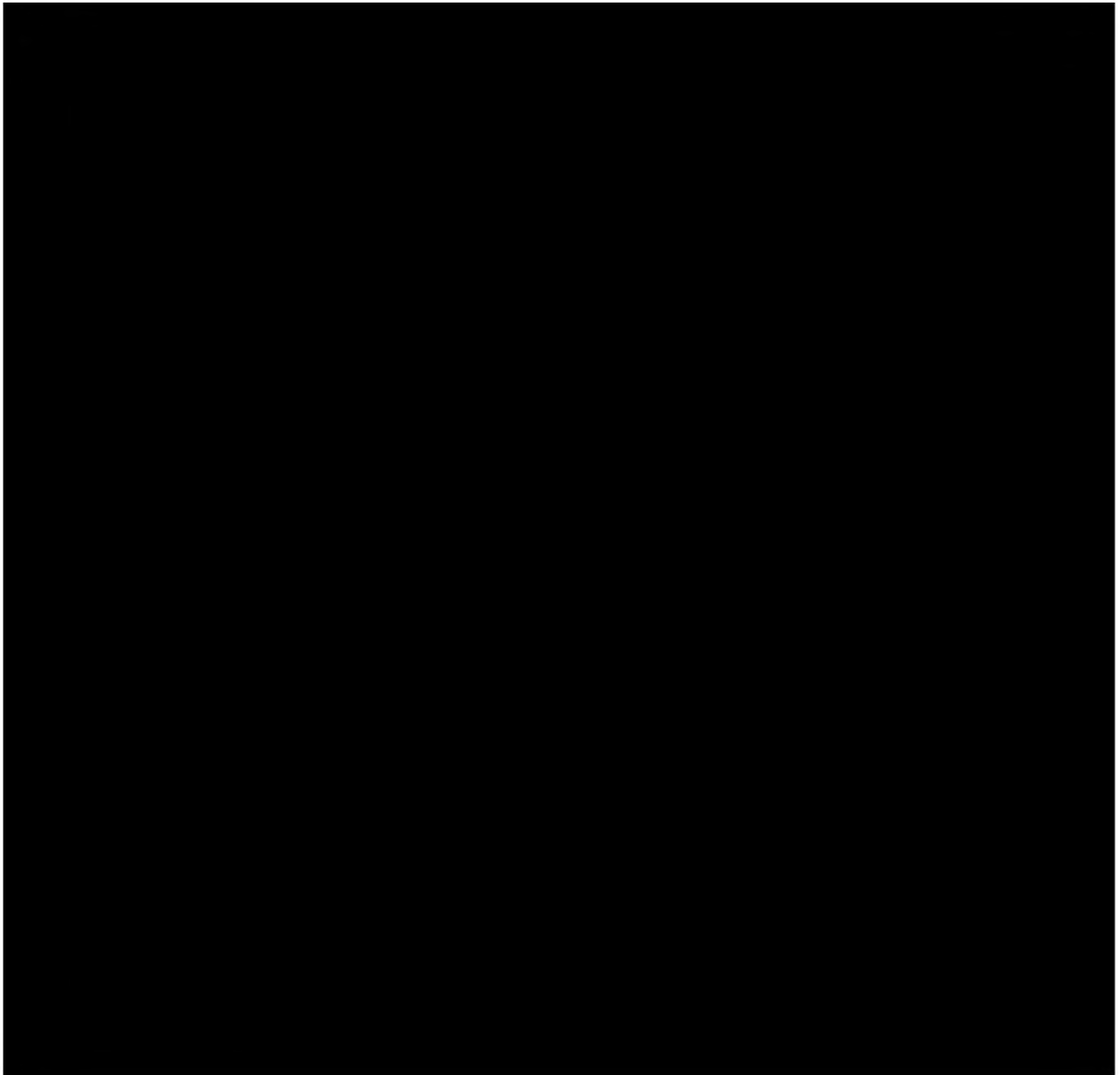


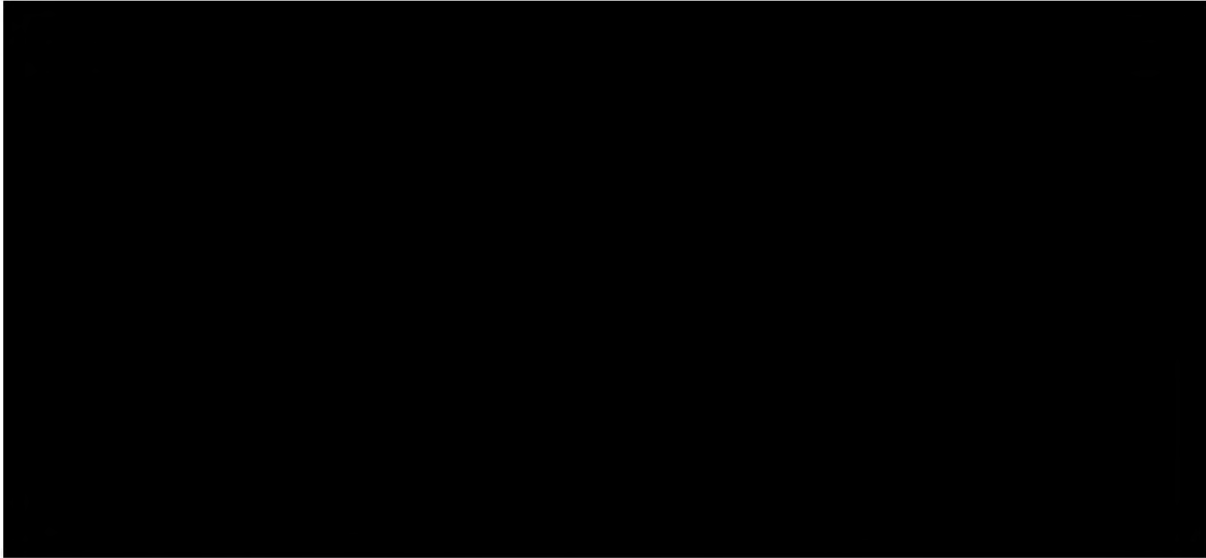
By: Michael T. McKibben
Its: Senior Manager

Sr. Mgr.



LEADER TECHNOLOGIES LLC
An Ohio Limited Liability Company





IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

LEADER TECHNOLOGIES LLC



Michael T. McKibben

Michael T. McKibben
CEO & Senior Manager

Sen. Mgr.

I hereby accept



OPTIONEE

James P. Chandler
Name (print)



Signature
James P. Chandler

May 5, 2000
Date Accepted



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LEADER TECHNOLOGIES LLC

□ □□ □□□□ □ □□□□□□□□□□ □ □□□□

DIRECTOR SERVICES AGREEMENT

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1. General Principals
2. Relationship of the Senior Manager to the Directors
3. Composition and Leadership of the Board of Directors
4. Composition and Leadership of the Board of Advisors
5. Orientation and Continuing Education
6. Actions by Managers and Directors
7. Delegation of Responsibility
8. Conflicts of Interest
9. Guidelines for Special Risks

SECTION 1

GENERAL PRINCIPLES

The fundamental responsibility of Directors is to represent prudently the interests of the Members as a group and other company constituencies in directing the business and affairs of the Company within the law and in accordance with the Operating Agreement.

Basic Duties. Directors are subject to four basic duties in performing their responsibilities. (Note: While Members of the Board of Advisors, Officers and Employees are exempt from directorial fiduciary liability, the Company expects them to abide by the principles and standards set forth herein.) :

1. **Duty of Diligence.** Directors must act with the care that a reasonably prudent person in a similar position would use under similar circumstances. They must perform their duties in good faith and in a manner they reasonably believe to be in the best interests of the Company. Prior to making a business decision, Directors must inform themselves of all material information reasonably available to them.

This duty requires not only reasonable behavior with respect to matters submitted for approval, but also requires reasonable inquiry and monitoring of company affairs. Although Directors are not insurers of the integrity of their subordinates or of general company performance, they are required to implement reasonable programs to promote appropriate company conduct and to identify improper conduct.

2. **Duty of Loyalty.** Directors are required to refrain from engaging in personal activities that would injure or take advantage of the Company. They are prohibited from using their position of trust and confidence to further their private interests. This duty requires an undivided and unselfish loyalty to the Company and demands that there be no conflict between one's company duty and self-interest. Examples of prohibited conduct in this regard include:

- (a) may not realize secret fees, profits or unfair gain through personal transactions with or on behalf of the Company.
- (b) may not withhold information which is material to the conduct of Company business.
- (c) may not compete with the Company unless disclosed in advance with the consent of the other Directors.
- (d) may not engage in undisclosed personal transactions of a material nature (e.g., hidden agendas, private arrangements involving company opportunity including kickbacks and hidden commissions, or other conflicts of interest) with any other Director, officer, employee, interest owner, advisor, customer, prospect or vendor to the Company.

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- (e) may not usurp a Company opportunity.
- (f) may not realize personal gain from the use of material, non-public company information.
- (g) should avoid even the appearance of a conflict of interest.

3. **Duty of Obedience.** Directors are required to perform their duties in accordance with applicable limited liability statutes and the terms of the Articles of Organization, Operating Agreement, and this Agreement.

4. **Duty of Accountability.** Directors are required to establish for themselves and their various working groups and subordinates performance metrics with which to objectively measure their ongoing performance as individuals and work groups in critical Company business perspectives: Business, Customer, Business Process and Organizational Learning.

Business Judgment Rule.

Directors are presumed to have acted properly and to have satisfied the following five basic duties if the Business Judgment Rule ("BJR") applies. The BJR recognizes that not all decisions of Directors will result in benefit to the Company and that Directors will be personally liable for loss to the Company only if the elements of the BJR defense are not satisfied.

To obtain the benefit of this important defense, Directors must act in good faith and with a reasonable basis for believing that their conduct is in the lawful and legitimate furtherance of the Company's purposes and must exercise their honest business judgment after due consideration of what they reasonably believe to be the relevant factors.

Five elements of the BJR are generally recognized:

- (a) **Business Decision.** The BJR protects Directors against claims for wrongful acts, but not against claims for failure to act. Inaction by Directors is protected by the BJR only if it is a result of a conscious decision to refrain from acting.
- (b) **Disinterestedness.** The BJR protects Directors who are disinterested and independent with respect to the challenged action. For this purpose disinterested Directors are those who neither appear on both sides of the transaction nor expect to derive any personal financial benefit from it in the sense of self-dealing, as opposed to a benefit which inures to the Company or all the members generally.
- (c) **Due Care.** The BJR protects Directors if they reached an informed decision after making a reasonable effort to ascertain and consider all relevant information reasonably available to them and after reasonably deliberating the decision.
- (d) **Good Faith.** The BJR protects Directors if they acted with a good faith belief that their business decision was in the best interests of the Company. The protection will not apply if the Directors acted solely or primarily to preserve their positions or otherwise to benefit themselves.
- (e) **Abuse of Discretion.** The BJR protects Directors against honest errors of judgment, but does not provide protection for decisions that cannot be supported by some rational basis and are egregious on their face.

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SECTION 2

RELATIONSHIP OF THE SENIOR MANAGER TO THE DIRECTORS

The fundamental responsibility of the Senior Manager is to oversee prudently the operations of the Company as carried out by the Board of Directors and in directing the business and affairs of the Company within the law and according to the Operating Agreement.

The Senior Manager (referred to simply as "Manager" in this section) shall oversee the activities of the Managers, Board of Directors, and Committees and shall take appropriate action to preserve Member interests, according to the Operating Agreement. The Manager has broad discretionary privileges and is to use those privileges judiciously.

1. **Selecting and Dismissing.** The Manager, in his sole discretion, can appoint, hire, and dismiss employees. The Manager can delegate this task as appropriate and required.
2. **Generally Accepted Business Practices.** The Company will operate according to generally accepted business practices. As such, the Manager will not normally interfere in standard operating procedures and policies, unless or until such time as he deems any or all of them to be malfunctioning. Such operating procedures include but are not limited to the following practices that are subject to change by the Manager at any time.
 - (a) **Director Selection and Dismissal.** To be conducted according to the Operating Agreement and guidelines set forth herein.
 - (b) **Officer Selection and Dismissal.** Normally under the purview of the Board of Directors, and in the absence of such action by the Manager, under the purview of the Chairman of the Board of Directors. In the absence of the Chairman of the Board of Directors under the purview of the President.
 - (c) **Advisor Selection and Dismissal.** To be conducted according to the Managers and Directors Governance Guidelines set forth herein.
 - (d) **Business of the Company.** The Directors are expected to prudently conduct the affairs and policies of the business according to their various duties and responsibilities, without the direct involvement of the Manager.
 - (e) **Special Committees.** To be conducted according to the Managers, Directors, Officers and Advisors Governance Guidelines set forth herein unless otherwise authorized by the Operating Agreement.
 - (f) **Special Circumstances.** The Directors will normally be expected to handle any and all special circumstances that arise.
3. **Meeting Notices.** The Manager shall receive timely advance notice and an appropriately detailed agenda with supporting information for all meetings of Directors and Committees. If the Manager deems appropriate advance notice and/or insufficient agenda detail or supporting information has not been given for any reason, he can ask that the meeting be postponed and reconvened in a timely manner and with appropriate detail.
4. **Ex Officio Participation.** The Manager, in his sole discretion, may choose to participate and/or chair any meeting or Committees by giving notice of intent preceding or during the event. In circumstances where the Manager assumes chairmanship of all or part of a meeting, he, in his sole discretion, may choose to yield the chairmanship of all or parts of the meeting back to the appointed chairman, or he may choose to retain chairmanship for any reason.
5. **Policy and Procedure Review.** The Manager, in his sole discretion, may call for a review of any policy or procedure in the Company at any time. The Manager can specify whether this review is to be carried out in the normal course of business, or whether a Special Committee or work group should be convened. Evaluation and acceptance of policy and procedure revisions will be carried out according to generally accepted business practices unless the Manager specifies otherwise, in his sole discretion.
6. **Special Powers.** The Manager, in his sole discretion, may override and/or redirect any decision or action of the Managers, Committees or Employees if he deems that decision or action not to be in the best interests of the Company, or if he has confidential information of a material nature to the issue that is not generally known, or if he deems that decision or action not to have been made according to the intent of the Operating Agreement and any related policies of the Company. These Special Powers are subject to the Business Judgement Rule.

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7. **Limitation of Special Powers.** At a duly constituted meeting of the Members eligible to vote and expressly called for this purpose, by a three-fourths vote, the Members may elect to nullify a specific Special Powers decision of the Senior Manager. The Members must be present in person. Proxies will not be accepted at this meeting. If this occurs, the Senior Manager veto prerogative still controls.

SECTION 3

COMPOSITION AND LEADERSHIP OF THE BOARD OF DIRECTORS

Directors should be selected and retained in office with a view towards creating the most effective and efficient Board possible.

The size and composition of the Board should be consciously evaluated and determined based upon the Company's unique requirements and the Operating Agreement.

1. **Nominating Committee.** The Board should appoint a Nominating Committee to make recommendations to the Board based on an objective assessment of the perceived needs of the Board at that time. The Nominating Committee should be comprised of outside Directors as well as the Chairman and Chief Executive Officer. The Board has no specific policy on the chairmanship of this committee except that it is an outside LLC Director.
2. **Board Membership Criteria.** The Nominating Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of Directors in the context of the current make-up of the Board. The Manager if different than the Chairman of the Board is a permanent voting Member of the Board of Directors.
3. **Extending the Invitation to a Potential Director to Join the Board .** The invitation to join the Board should be extended by the Chairman of the Nominating Committee, the Chairman of the Board, and the in consultation with the Senior Manager.
4. **Selection of the Chairman and Chief Executive Officer .** The Senior Founder of the Company, Michael T. McKibben is the current Chief Executive Officer. Upon his resignation, retirement, willingness to change positions, or replacement for cause, at which point the position(s) would become vacant, the Board should be free to make these choices any way that seems best for the Company at a given time. The Board does not have a policy on whether or not the roles of Chief Executive Officer and Chairman should be separate and, if they are separate, whether the Chairman should be selected from the non-employee Directors or be an Employee. The choice(s) should be from candidates willing and able to carry forward the Company's vision and values. The Chairman of the Company at founding is selected and to be announced.
5. **Lead Director Concept.** As required, the Board will have a Director selected by the Outside Directors who will assume the responsibility for leading any responsibilities the Outside Directors as a whole might delegate from time to time. This person has the title Lead Director.
6. **Director Attributes.** The Nominating Committee is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Directors in the context of the current make-up of the Board. This assessment should include issues such as integrity, congeniality, imagination, resourcefulness, vision, wisdom, reputation, understanding of technology, finance, sales, marketing, management, strategy planning, administration, international business – all in the context of an assessment of the perceived needs of the Board at that point in time. A Director should have sufficient time and interest to devote the necessary energies to the required job. Directors should be asked to affirm their available time and attention to this Board. A Director should be committed to the Company's vision.
7. **Outside Directors.** The Board should consist of a majority of outside Directors, who are able to provide essential disinterested outsider's viewpoints to Board discussions and decisions. When selecting these Directors, the Company

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LEADER TECHNOLOGIES LLC

should closely examine the candidate's background and other business affiliations to avoid potential conflicts of interest. For example, the candidate should not have an ownership interest in or management position with a competitor, major supplier or customer, or other company having substantial business dealings with the Company.

The Board is willing to have members of Management (not to be confused with "Manager" or "Managers" -- see Operating Agreement) in addition to the Chief Executive Officer as Directors. But the Board believes that Management should encourage senior managers to understand that Board membership is not necessary or a prerequisite to any higher management position in the Company. Management other than the Chief Executive Officer currently attend Board meetings on a regular basis even though they are not Directors.

8. **Outside Directors' Discussion.** The Board's policy is to have a separate meeting time for outside Directors if and as required during the regularly scheduled Board Meetings. The Lead (Outside) Director will assume the responsibility of chairing the regularly scheduled meetings of outside Directors or other responsibilities that the outside Directors as a whole might designate from time to time. All meetings of Outside Directors will include the Chief Executive Officer as an ex officio participant.

9. **Size of Board.** Productive dialogue and availability of outstanding candidates are the primary drivers in determining the number of Directors. The type of meeting preparation and the facilitation skills of the Chairman (or the facilitator designated) are the main determining factors on how large a Director group can be creatively engaged. The Board has no specific policy on the number of Directors other than that a balanced set of objective Director viewpoints is desired.

10. **Term Limits.** The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Nominating Committee will review each Director's continuation on the Board every year. This will also allow each Director the opportunity to conveniently confirm his or her desire to continue as a member of the Board and for the Nominating Committee to make any changes it deems necessary to carry forward the Company vision.

11. **Retirement Policy.** Inside Directors, other than the CEO, who are also Employees of the Company will retire from the Board at the same time they relinquish their Company title.

12. **Assessing the Performance of the Board.** The Nominating Committee is responsible to report annually to the Board an assessment of the performance of the Board. This will be discussed with the full Board. This should be done following the end of each fiscal year and at the same time as the report on Board membership criteria. Its purpose is to increase the effectiveness of the Board, not target individual Directors.

Assessments of individual Directors should be made annually by the Nominating Committee. If shortcomings in individual Director performance are identified, the matter should be discussed personally with that individual, giving the person the option of improving performance or resigning. The assessment should cover such topics as attendance at Board and Committee meetings, participation in board discussions, contributions, constructive criticisms and suggestions, compliance with the Managers, Directors, Officers and Advisors Governance Guidelines, preparedness for meetings and availability to Management. Ultimately, the Nominating Committee should withhold the names of persons who are not qualified for re-election based upon performance.

13. **Formal Evaluation of the Chief Executive Officer.** The Outside Directors should make this evaluation annually in connection with the determination of the salary and executive bonus of the Chief Executive Officer. This evaluation should be communicated to the Chief Executive Officer by the Chairman of the Board, or if the Chief Executive Officer and the Chairman of the Board are the same person, by the Lead Director. The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term objectives, development of Management, etc. The Compensation Committee in the course of its deliberations will use the evaluation when considering the compensation of the Chief Executive Officer.

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14. **Succession Planning**. An annual report to the Board on succession planning should be prepared and presented by the Chief Executive Officer.

15. **Management Development**. An annual report to the Board on the Company's Management development should be prepared and presented by the Chief Executive Officer.

16. **Board Compensation Review**. It is appropriate for the Management of the Company to report once a year to the Nominating Committee the status of the Board's compensation in relation to other companies in the Company's industry. As a part of a Director's total compensation and to create a direct linkage with company performance, the Board believes that a meaningful portion of a Director's compensation should be provided in Performance Units and/or Membership Interest Units. Change in Board compensation, if any, should come at the suggestion of the Nominating Committee, but with full discussion and concurrence by the Board.

17. **Directors Who Change their Present Job Responsibility**. The Board does not believe that Directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board, via the Nominating Committee, to review the continued appropriateness of Board membership under these circumstances.

18. **Board Interaction with Institutional Investors, the Press, Customers, etc.** The Board believes that the Management speaks for the Company. Individual Directors may, from time to time at the request of the Management, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman.

19. **Director Balanced Scorecards**. The Board will establish a collective and individual Balanced Scorecards that will be used by the Nominating Committee in assessing Director performance from the four Balanced Scorecard perspectives: Business, Customer, Business Process, and Organizational Learning.

SECTION 4

COMPOSITION AND LEADERSHIP OF THE BOARD OF ADVISORS

Members of the Board of Advisors should be selected and their participation retained with a view towards creating the most effective and efficient Board of Advisors as possible .

1. **Board of Advisors Membership Criteria**. The Senior Manager, in his sole discretion, and in consultation with the Chairman of the Board of Directors and the Chief Executive Officer, may appoint members based on an objective assessment of the perceived needs of the Board at any given time consistent with the Operating Agreement.

2. **Advisor Attributes**. The Senior Manager, or those to whom the responsibility is delegated, is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of members in the context of the current make-up of the Board. This assessment should include issues such as integrity, congeniality, imagination, resourcefulness, vision, wisdom, reputation, understanding of technology, finance, sales, marketing, management, strategy planning, administration, international business – all in the context of an assessment of the perceived needs of the Board at that point in time. An Advisor should have sufficient time and interest to devote the necessary energies to the required job and should be asked to affirm their available time and attention to this Board. An Advisor should be committed to the Company's vision.

3. **Advisor Supervision**. The Senior Manager shall be the permanent supervisor of Advisors. In the absence of the Senior Manager, or a designate, the Chief Executive Officer will chair meetings of the Advisors.

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4. **Number of Advisors.** Productive dialogue and availability of outstanding candidates are the primary drivers in determining the number of advisors. The type of meeting preparation and the facilitation skills of the chairman (or the facilitator designated) are the main determining factors on how large a group can be creatively engaged. The Company has no specific policy on the number of advisors other than that a balanced set of objective Advisor viewpoints is desired.
5. **Conduct of Meetings.** The Advisors shall follow the same guidelines for conducting meeting as specified for Managers, Directors.
6. **Term Limits.** An Advisor's term is determined by the Senior Manager, in his sole discretion. In general, the Company does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Advisors, they hold the disadvantage of losing the contribution of who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution as a whole. As an alternative to term limits, the Senior Manager or designates will review each Advisor's continuation every year. This will also allow each Advisor the opportunity to conveniently confirm his or her desire to continue as an Advisor.
7. **Retirement Policy.** Inside Advisors, other than the CEO, who are also Employees of the Company will retire from serving as Advisors at the same time they relinquish their Company title.
8. **Advisor Compensation Review.** It is appropriate for the Management of the Company to report once a year to the Senior Manager and Chief Executive Officer the status of the Advisor's compensation in relation to other companies in the Company's industry. As a part of an Advisor's total compensation, and to create a direct linkage with company performance, a meaningful portion of an Advisor's compensation should be provided in Performance Units and/or Membership Interest Units. Change in Board compensation, if any, should come at the suggestion of the Compensation Committee, but with full discussion and concurrence by the Board of Directors and the Senior Manager.
9. **Who Change their Present Job Responsibility.** The Board of Advisors does not believe that an Advisors who retire or change from the position they held when they came on the Board of Advisors should necessarily leave the Board. There should, however, be an opportunity for the Senior Manager or designate to review the continued appropriateness of Board of Advisors membership under these circumstances.
10. **Board of Advisors Interaction with Institutional Investors, the Press, Customers, etc.** The Management speaks for the Company. Individual may, from time to time at the request of the Management, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Advisors are appropriate, they should, in most circumstances, come from an Advisor approved by the Senior Manager and Chief Executive Officer to speak on the Company's behalf.
11. **Resignation.** Unless this clause is superceded by a more specific agreement or other such instrument that specifies differently, any Advisor may resign at any time by giving written notice to the Senior Manager. The resignation of an Advisor who is also a Member shall not affect the Advisor's rights as a Member and shall not constitute a withdrawal of a Member.
12. **Advisory Capacity Only.** Members of the Board of Advisors are expected to give their best efforts. They are under no fiduciary obligations to the Company, unless this clause is superceded by more specific agreements from time to time.
13. **Advisor Balanced Scorecards.** The Advisors will establish a collective and individual performance metric that will be used to assess ongoing Advisor performance from the four perspectives: Business, Customer, Business Process, and Organizational Learning.

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SECTION 5

ORIENTATION AND CONTINUING EDUCATION

The Company will provide a thorough orientation for new Managers, Directors and Advisors an ongoing commitment to educating Managers, Directors and Advisors to the particular business of the Company, the competitive and regulatory environment in which the Company exists, the nature of the industry in which the Company operates, and the legal arena in which the Company conducts business and in which the Managers, Directors and Advisors serve as fiduciaries.

This section is intended to be a proactive review of many of the primary Managers, Directors and Advisors and responsibilities. It is not intended to be read as any sort of expansion of Managers, Directors and Advisors responsibilities beyond reasonable prudence.

To fulfill their legal responsibilities, Managers, Directors and Advisors must have a working familiarity with the Company and their legal powers, duties and restrictions. Because both the factual and legal environment in which the Company operates and in which Managers, Directors and Advisors serve is constantly changing, the need for education is continual.

- (a) **Factual Orientation.** A formal orientation program is necessary for new Managers, Directors and Advisors. New Managers, Directors and Advisors should become familiar with basic company records and minutes of recent Board and Committee minutes, Company disclosure documents such as the latest SEC Form 10K Report(if any), recent annual reports, recent proxy statements, Board structure and Board Committee organization, biographical data of the current Board and current Management personnel, planning documents and studies, Management letters from independent auditors, information concerning company facilities, and information concerning the Company's outlook with respect to current prospects and problems, critical issues and long-range objectives. In addition, it is advisable for new Directors to privately meet with independent outside legal counsel and separately with independent outside auditors to get their impressions of the Company's legal and financial situation.
- (b) **Legal Orientation.** The orientation or on-going education of Managers, Directors and Advisors with respect to applicable legal principles and unique sets of legal standards applicable to the Company and its Managers, Directors and Advisors including the nature of the company's business, the state of its organization, the locations where it transacts business, the industry in which it competes, and the terms of its articles of organization, its bylaws and other internal documents.

The fundamental duties of Managers, Directors and Advisors should be reviewed and understood. Legal guidelines should be presented, ranging from basic operational procedures such as always indicating on any executed document the capacity in which the Managers, Director or Officer executes the document, to a more in-depth review of the important statutes, rules and regulations restricting or regulating the conduct and operations of the Company.

- (c) **Training Seminars.** Educational programs may also include training Managers, Directors and Advisors to enhance their skills as Managers, Directors and Advisors. Outside consultants may be invited in from time to time conduct seminars intended to develop Directorial skills, similar to programs of continuing education for other types of professionals.
- (d) **Internal Guidelines.** The Board should not only educate itself, but also ensure proper education of Management and Employees. Among other things, Managers and Directors should develop, publicize, maintain and enforce appropriate management policy statements or guidelines defining Company ethical standards and legal guidelines with respect to various potentially sensitive or misunderstood areas, including:

- (i) possible conflicts of interest;
- (ii) securities trading, including insider trading;
- (iii) antitrust laws;

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- (iv) proper accounting and financial integrity;
- (v) payments that may be unlawful or unethical, including bribes and kickbacks;
- (vi) political contributions;
- (vii) confidentiality of company information;
- (viii) misappropriation of company assets or opportunity; and
- (ix) industrial espionage.

Such statements or guidelines should be developed with the assistance of legal experts and should be circulated to all potentially affected personnel. Each Employee, including all new Employees, should sign a statement acknowledging understanding of the company policy and agreeing to abide by it. The company should periodically review and update these statements or guidelines in view of new legal developments. Any updated material should be redistributed to and re-certified by each Employee.

Aggressive implementation and enforcement of these statements and guidelines will not stop intentional wrongdoers, but will educate and guide the vast majority of Managers, Directors, Advisors and Employees on avoiding illegal conduct and may prevent the Company and its Management from being charged with wrongdoing (or at least mitigate the severity of sanctions imposed) when a Managers, Directors, Officer, Advisor or subordinate Employee violates the guidelines.

SECTION 6

ACTIONS BY DIRECTORS AND MANAGERS

Any action taken by Managers and Directors and must be an informed decision following a thorough, informed investigation of all relevant facts reasonably available based upon time constraints and applicable law.

1. **Procedural Considerations.** The Board should periodically review and agree upon various procedural issues relating to Board meetings, including the frequency and scheduling of regular board meetings, the timing and content of notice of meetings, advance distribution of agenda and other documents, and the persons other than Directors who should attend the meetings.

a. **Board Meetings.** Attendance at Board meetings is imperative to keep Directors informed and to provide the Directors with the opportunity for meaningful input into the decision making process. Accordingly, both regular and special Board meetings will be scheduled with a view towards maximizing attendance. Regular meeting dates should be established and communicated to the Directors well in advance, preferably at least as a full year schedule. Special meetings should be scheduled only after the Directors have been polled to determine their availability at one of several times and the Directors should be notified of the selected date as early as possible.

b. **Attendance by Non-Directors.** The Board is comfortable with the regular attendance at each Board meeting of non-board members (e.g., Advisors, Employees, outside consultants such as attorneys, investment bankers, accountants) who are members of the advisory team. Should the Chief Executive want to add additional people as attendees on a regular basis, it is expected that this suggestion would be made to the Board for its concurrence.

c. **Board Relationship to Senior Management.** Board members have complete access to the Management of the company. It is assumed that Board members will use judgment to be sure that this contact is constructive to the business operations of the Company and that such contact, if in writing, be copied to the Chief Executive and the Chairman. Furthermore, the Board encourages Management to, from time to time, recommend managers to be included in Board meetings who can provide insight into the items being discussed because of personal involvement in these areas, and/or represent managers with future potential that the senior management believes should be given exposure to the Board.

d. **Duration of Meetings.** Although the quantity of time spent on a particular decision does not necessarily equate to quality of time, it is important to schedule adequate time for Directors to completely analyze and discuss the matters under consideration. Discussion should not be terminated arbitrarily and no Director should be

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deprived of adequate opportunity to ask questions and present his or her point of view on any aspect of a pending decision.

2. **Presentation of Information.** Adequate information concerning all important matters requiring Board attention should be made available in time to permit a review of the information before any vote is taken. Procedures should be implemented by the Board to assure that sufficient information is disseminated in a timely way.

The Chairman and the Chief Executive Officer (if the Chairman is not the Chief Executive) will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of item(s) on the agenda. Information and data that are important to the Board's understanding of the business, including advisor recommendations and proposed resolutions, should be distributed in writing to the Board before the Board meets. The Management will make every attempt to see that this material is as brief as possible while still providing the desired information.

As a general rule, presentations on specific subjects should be sent to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. On those occasions in which the subject matter is too sensitive to put on paper, the presentation will be discussed at the meeting.

3. **Conduct of Meeting.** A Director is selected because he or she has a valued perspective to contribute to the operation of the Company. All meetings should be conducted with a view toward optimizing each Director's expertise and participation.

a. **Fact-finding.** It is essential that Directors be provided ample opportunity to question and constructively challenge management and outside in connection with transactions under consideration. The purpose of the meeting is to make effective decisions after considering relevant facts and informed opinions. During the fact-finding stage, it is quite appropriate for Directors to explore, in a courteous manner, alternative points of view and ideas to help validate the facts and opinions being presented.

b. **Discussion.** The Chairman should facilitate well-rounded discussions so all viewpoints, including unique and innovative ones, are heard and understood. As a rule of thumb, the Board should strive for consensus in its proceedings. This helps ensure that expediency works in synergy with innovation and vision. Without this commitment, Boards too often become shortsighted, rush decisions, allow the demands of the moment or the next quarter to overshadow their deliberations, and thus ultimately adversely affecting the vitality of the Company.

c. **Decision-making.** Managers and Directors are chosen for their unique perspectives and their commitment to the vision of the Company. That common commitment provides the unifying forum within which unique Director and Officer perspectives can find synergy among their diverse points of view. This forum requires a commitment among the Directors and Officers to work out their differences in a constructive and apolitical manner, respecting each person's point of view, and assuming that the resulting decision will optimally incorporate each point of view and be *better* than the sum total of the individual contributions. This process is not meant to replace applicable legal requirements for Managers, Directors and Officers, but to re-establish decision-making based on moral and ethical standards -- to do one's best in human terms, instead of simply doing the minimum required in legal terms.

The objective of Board meetings is to make decisions incorporating the best collective thinking of the Directors. Classical majority voting practices sometimes work at odds with this objective since close votes logically indicate a lack of agreement and consensus. Close votes create "winners" and "losers." The intention of the Board is to capitalize on the collective wisdom of the Directors, not set Directors and Officers at odds with one another. Therefore, it is the sense of the Board not to settle simply for majority opinions, but rather to ~~strive~~ for decisions which craft minority and majority perspectives into more well-rounded conclusions. As a rule of thumb, close votes on important issues should be tabled until more time can be dedicated to work out the issues causing the strong differences. In a forum with persons of good will, experience, wisdom, courage to speak their minds, and a common vision, which the Board assumes it will have, differing points of view should be seen as the many tiles in a mosaic -- all needed for a complete picture. Should any individual Director, however, be unable to agree with an otherwise general consensus, he should register his dissenting vote. Voting abstention will be viewed as tacit support for (i.e., not against) the issue.

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d. **Conflict Resolution.** Even reasonable people with commitment to a common vision can and do disagree from time to time. Differences of opinion can lead to a spectrum of consequences from growth, learning, and healthy compromise, to unhelpful compromise, stalemate, political action, and open hostility. Managers, Directors and Officers should share a mutual commitment to work out their differences in a respectful and constructive manner which best serves all interests – the person(s) with whom they disagree, management, Directors, Officers, shareholders, customers, other stakeholders, and the higher moral and ethical standards to which the Company aspires.

4. **Problem-solving.** Problems and conflicts inevitably arise from time to time in a busy company. It is in everyone's best interests for the Company to maintain a friendly, productive work environment, which can be difficult to sustain if unresolved problems linger. Therefore, as a rule of thumb, if and when a conflict arises, the Board expects every effort to be made among the Managers, Directors and/or Officers involved to work out their differences privately, confidentially, without involving others or engaging in gossip, backbiting, or political action. Such matters should be resolved with dispatch, not allowing unresolved issues to fester and to become potentially detrimental to Company operations and morale.

Should a conflict go unresolved, the matter should be brought in a timely manner to the Chairman and Chief Executive Officer to resolve. As a general rule, only if the Chairman and Chief Executive Officer are unable to bring the matter to resolution should it be brought to the attention of the Board.

5. **Documentation.** Accurate and complete minutes of all Board and Committee deliberations and other documents relating to Manager, Director or Officer actions should be maintained. Directors should carefully review not only minutes of meetings which they attend, but also the minutes of any meetings which they did not attend. Any recommended changes to the minutes should be sent to the Secretary.

SECTION 7

DELEGATION OF RESPONSIBILITY

Although Managers and Directors may not abrogate their duties, they may rely in good faith on advice or input from Board Committees, , Employees and outside experts.

1. **Board Committees.** The Nominating Committee is responsible, after consultation with the Chief Executive Officer and with consideration of the desires of the individual Director for assignment to various Committees. Director appointment to the various committees should be considered in view of each Director's special talents, experience or expertise. A formal program of rotating Directors among committees may also be advisable, although the Board does not feel this should be mandated as a policy since there may be reasons at a given point in time to maintain an individual Director's Committee membership for a longer period. The board should consider periodically what committees it needs and what functions it wishes to delegate to each committee.

2. **Number of Committees.** The current four Committees are Executive, Audit & Finance, Compensation, Nominating. The Compensation Committee handles stock options. There will, from time to time, be occasions on which the Board may want to form a new committee or disband a current committee depending on the circumstances.

The Audit & Finance Committee recommends the Company's certified public accountants for approval by the Board, and monitors the effectiveness of the audit effort, the Company's internal financial and accounting organization and controls and financial reporting. This committee is also responsible for reviewing various SEC filings, shareholder reports and other disclosure statements, and overall monitoring of securities law compliance.

The Nominating Committee makes recommendations to the Board regarding the size and composition of the Board, establishes procedures for the nomination process, recommends candidates for election to the Board and nominates for election by the Board.

The Compensation Committee reviews and approves salaries and other matters relating to compensation of the executive of the Company. The Committee also administers the Company's stock option plans, including the review and grant of stock options to all eligible Employees under the Company's existing stock options plans.

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3. **Assignment and Term of Service of Committee Members** . The Board is responsible, after consultation with the Chairman, and with consideration of the desires of individual Directors, for the assignment of Directors to various committees.

4. **Frequency and Length of Committee Meetings and Committee Agenda** . The Chairman of the Board, in consultation with the Secretary of the Company, the Committee Chairman and appropriate members of Management, will determine the frequency and length of Committee meetings and develop the Committee's agenda. The Committee agenda and meeting minutes of the Audit & Finance Committee, Compensation Committee and Nominating Committee will be shared with the full Board, and other Board members are welcome to attend Committee meetings.

5. **Committee Agenda**. The Chairman of the Committee, in consultation with the appropriate members of Management and Staff, will develop the Committee's agenda. Each Committee will issue a schedule of agenda subjects to be discussed for the ensuing year at the beginning of each year (to the degree these can be set). This forward agenda will also be shared with the Board.

6. **Management Delegation**. The Board does not engage in direct management of the company. However, the Board has responsibility for monitoring the day-to-day conduct of the company by ensuring that satisfactory executive management personnel and policies are in place.

To avoid someone operating outside of the scope of assigned duties or neglecting an area of responsibility within such scope of duties, clearly defined job descriptions should be prepared, approved and disseminated to all management personnel. Authority and responsibility as between the Board and Management should be clearly documented and understood. This is especially true with respect to significant matters with respect to which both Directors and Management have substantial involvement, such as acquisition evaluations, personnel policies, major capital expenditures and dividend determinations.

SECTION 8

CONFLICTS OF INTEREST

Board decisions must be made by disinterested Directors. Even the appearance of a conflict of interest should be avoided, if possible, and disclosed if unavoidable.

Consistent with their duty of loyalty, Managers, Directors and Officers should avoid placing themselves or other representatives of the Company in a situation where their personal interest may, or appears to, conflict with the best interests of the Company. This restriction applies not only to obvious conflict situations where an individual is directly involved in both sides of a transaction, but also in more subtle situations involving close relationships of a Director, Manager or Officer to any party involved in a transaction with the Company.

Managers, Directors and Officers should heighten their sensitivity towards conflict issues. Because individuals frequently do not focus on perceived conflicts, regular inquiries and reminders concerning potential conflict situations should be undertaken.

Potential conflict analysis should also be incorporated into various company procedures. For example, when hiring management level Officers and/or Employees, consideration should be given to an such an individual's former and current business affiliations in light of the Company's business operations to determine if the prospective Employee would be placed in an inherent or potential conflict situation.

Where a potential conflict is identified, the interested person should be removed from the decision making process, if at all possible. For example, a majority of disinterested Directors should approve transactions directly affecting employee Directors, such as decisions with respect to takeover proposals, compensation arrangements and employment contracts. Where a decision directly relates to an interested Director, that Director should not only refrain from voting but also be excused from any board discussion involving the proposed transaction. When the interested person must unavoidably

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participate in the company decision, full disclosure of the conflict should be made not only to other persons involved in the decision making process, but also to shareholders, when appropriate.

In summary, when an actual, perceived or potential conflict is identified by any person, the following steps should be taken:

- (a) Precisely identify the actual, perceived or potential conflict;
- (b) Fully disclose the conflict or potential conflict to the Chairman, Chief Executive Officer, all Directors, or the Senior Manager, together with an evaluation of the effect and seriousness of the conflict; and
- (c) If determined to be an actual or potential conflict, develop an appropriate response, including where necessary, disqualification from voting and discussion, disclosure to the shareholders or other remedial action.

When in doubt as to whether a conflict exists, advice from legal counsel should be obtained.

SECTION 9

GUIDELINES FOR SPECIAL RISKS

The following summarizes guidelines with respect to certain selective Manager, Director and Officer risks.

Securities Law Compliance.

This section is intended to be a proactive review of many Managers, Director and Officer responsibilities with regard to well-known special risks. It is not intended as any sort of expansion of Managers, Directors and Officers responsibilities beyond reasonable prudence.

1. **Assignment of Responsibility.** The Managers, Directors and Officers should exercise reasonable prudence with respect to assignment of responsibilities with respect to various securities law and disclosure issues. For example, persons possessing familiarity with and sensitivity towards securities law and general disclosure issues should be assigned the various responsibilities (subject to a clearly defined time schedule) including preparation, review, editing, due diligence confirmation, finalization, printing, filing and distribution of various SEC filings, shareholder reports and other disclosure statements; preparing, reviewing and approving press releases; attending and approving discussions with securities analysts; responding to inquiries from the press, stock exchanges or the public; and overall monitoring of securities law compliance. Where possible, the authorized persons should be knowledgeable both as to the relevant facts and applicable legal requirements and should be a relatively small group of persons who can provide consistency and historical knowledge to the process. Regardless of the degree of delegation, Directors, Managers Officers should assure themselves regarding important securities law filings and disclosure statements that the company has taken reasonable steps to disclose accurately and completely all relevant material information.
2. **Protecting Confidential Information.** The company should implement and monitor reasonable safeguards to protect against the misuse of confidential information. Among others, the following matters should be considered.
 - (a) **Policy Statement.** The company should distribute to all appropriate Employees a policy statement informing the Employees of their obligation to safeguard information and instructing them not to trade on the basis of material, non-public information.
 - (b) **Limited Access.** Confidential information and discussions relating to that information should be limited only to those persons who need to know the information or participate in the discussions. As more persons learn of the information, the likelihood of leaks, rumors or misuse of that information increases.
 - (c) **General Office Procedures.** Documents containing confidential information should be securely maintained by the appropriate Directors, Managers and Officers not accessible for others to read. Company visitors or subordinate Employees should not be given access to offices or other work areas where the confidential documents are accessible. Internal confidentiality policies and procedures should be maintained and reviewed periodically.

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- (d) **Electronic Systems Procedures.** The company systems administrators and programmers with local and remote access to the electronic systems, applications, and files of the company, given their knowledge of such systems, should establish a more detailed subset of the general company security and confidentiality policies for document files, source code, etc. Reasonable measures should be taken by the Chief Technical Officer to oversee these policies and procedures which protect the interests of the company; detect leaks, theft, tampering, hacking, snooping, spoofing, masking, cracking, unauthorized entry, sabotage, invasion of privacy, and other forms of information systems misuse; and report these misuses appropriately.

A secure password logging procedure for office files should be established which restricts all but need-to-know people, even electronic systems administrators, from certain files (e.g., pending contracts, personnel files, negotiations), but would still enable authorized third parties to ascertain the locations and passwords of those files for auditing purposes. When draft documents must be distributed electronically to others for administrative purposes (e.g. editing, feedback, typing, printing, storage, etc.), code names and encrypted passwords may be appropriate to protect the identity of parties to the transaction.

- (c) **Confidentiality Agreements.** Written agreements with Employees and outside advisors, consultants, outsourcers and other third parties who receive confidential information from the company are required to confirm the restrictive use of that information. In addition to helping ensure securities law compliance, such agreements also evidence the company's reasonable efforts to comply with those requirements.
- (f) **Questionnaires.** To make certain that various securities documents accurately reflect the knowledge of Directors and key Officers, questionnaires to appropriate directors and officers should be distributed and completed. Follow-up communication with the Managers, Directors and Officers should be made if their responses are unclear or incomplete or if no response is obtained.
- (g) **Compliance Program.** A compliance program typically is designed to ensure that the company makes full and timely disclosure of material information and complies with both well known and less known securities law regulations. Among other things, these programs define the filing and disclosure requirements and what information should be provided on a current basis to certain persons within the company, who act as an information "clearinghouse" for securities compliance matters.

Employment Related Claims.

1. **Education.** Persons having control of employment related decisions should be educated as to the legal restrictions applicable to employment relationships. Rapidly changing legal standards in such areas as wrongful discharge and discrimination necessitate continuing educational procedures. In house training sessions, informational material and detailed employment procedural manuals should be used to improve the sensitivity and knowledge of all management level Employees. Managers and Officers should be strongly encouraged to request guidance from competent legal counsel if the person is uncertain about a specific situation.

2. **Proper Documentation.** All employment related documents should be periodically reviewed for appropriateness in light of the then existing employment law standards. Procedures for distribution of those documents should also be periodically examined and amended where appropriate.

A complete and accurate employment history for each Employee should be maintained when at all possible, including detailed records establishing what the Employee was told and what documents and other information were provided to the Employee concerning the employment relationship. Performance and behavior deficiencies and disciplinary actions or criticisms should also be documented.

All written statements, which may reasonably be reviewed by Employees (including Employee handbooks, personnel policies, job advertisements, hiring correspondence and notices on bulletin boards or in newsletters), should be examined by legal counsel or other knowledgeable experts.

3. **Grievance Resolution Procedures.** The company should establish and maintain a well-defined, objective, confidential and accessible grievance resolution procedure, which ensures that Employees can have their grievances, dealt with fairly and quickly.

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3. **Common Sense and Courtesy.** All management personnel should be sensitized to potential Employee claims and encouraged to use common sense and courtesy when dealing with Employees. Acts that have the appearance of impropriety, even if otherwise justified, should be avoided. For example, Employees should not be discharged, even if for valid reasons, on the day after the person returns from jury duty or a pregnancy leave of absence. Inflammatory or sexually oriented materials or comments should be eliminated in the work environment. Employee complaints should be listened to and appropriately addressed. Simply giving the Employee attention and recognition may avoid expensive and distracting litigation.

ACKNOWLEDGEMENT

The undersigned hereby have read the preceding 14 (Fourteen) pages, had the opportunity to review it and understand its contents and agree to be bound by the terms, conditions, duties and responsibilities therein.

Signature of Director

[Handwritten Signature]
James P. Chandler

Print Name

May 5, 2000

Date

[Handwritten Signature]
Michael T. McKibben, Senior Manager

Date

5/5/2000 Sr. Mgr.