



## **COMPENSATION COMMITTEE CHARTER**

### **Purpose**

The Compensation Committee shall assist the Board of Directors (the "Board") in fulfilling its responsibility to oversee the adoption and administration of fair and competitive executive and outside Director compensation programs.

### **Governance**

1. *Membership:* The Committee shall be composed of not fewer than three members of the Board, who shall serve until such member's successor is duly elected and qualified or until such member resigns or is removed. All of the members will qualify as "non-employee directors," "outside directors" and be "independent" as required by the SEC, the Internal Revenue Code, the NYSE listing standards, and any other legal requirements as shall from time to time be in effect. The Board of Directors shall determine the "independence" of directors for this purpose, as evidenced by its election of such Committee members.

Based on the recommendations of the Nominating and Corporate Governance Committee, the Board shall review the composition of the Committee annually and fill vacancies. The full Board shall elect the Chairman of the Committee, who shall set the agendas for Committee meetings and chair all such meetings.

Members of the Committee may be removed, with or without cause, by a majority vote of the Board.

2. *Meetings:* The Committee shall meet at least two times annually, or more frequently as the Committee Chairman determines. The members may attend any meeting by means of conference telephone or similar equipment that enables all meeting participants to communicate with each other. Except when the Chairman elects to meet in executive session and excludes members of management (including directors), all directors that are not members of the Committee may attend the meetings but may not vote. The Committee may invite to a meeting any members of management, outside professionals or others it deems appropriate or necessary to fulfill its duties.
3. *Quorum:* A simple majority of Committee members, in attendance personally or telephonically, constitutes a quorum for the conduct of business. The vote of a majority of a quorum of members is sufficient to take official action on behalf of the Committee, except as hereinafter provided. No proxy voting shall be permitted.

Whenever a pending decision presents a potential conflict of interest for a committee member, that member shall notify the other members of the potential conflict and abstain from the decision making process.

4. *Action by Consent:* Official committee action may also be taken by unanimous written consent of the members of the committee.
5. *Reporting to Board:* On a regular basis the Committee will report to the full Board of Directors on the Committee's activities (and any salient outstanding issues), such as corporate goals and objectives and the CEO's performance and compensation.
6. *Authority and Funding:* The Committee shall have the authority to retain outside counsel and other experts, including the authority to approve the retention terms and payment for such experts. The Company will provide the necessary funding for the Committees activities.
7. *Self-evaluation:* The Committee will evaluate its performance annually and report its conclusions and recommendations to the Board.
8. *Amendment of Charter:* The charter may be amended or modified at any time by majority vote of the Board of Directors. The Committee shall review its charter periodically and recommend changes to the Board for adoption.

## **Responsibilities**

1. *General Responsibilities:* The Committee will adopt and periodically review the total compensation philosophy covering senior officers identified as executive officers of the Company, as defined for SEC reporting purposes (the "Executive Officers"). The Committee, utilizing the services of outside consultants as appropriate, will periodically review the competitiveness of the total compensation practices of the Company, comparing the relationship between pay practices and the financial performance of the Company. The Committee will possess sole authority to retain, at the Company's expense, and terminate the outside consultants engaged to assist the Committee.

The members of the Committee have a responsibility to become familiar with the Company's various compensation plans and the responsibilities associated with such plans. The Vice President of Human Resources will generally be responsible for keeping Committee members current regarding these topics and will work with the Company's finance personnel and legal counsel to assemble appropriate materials and take other measures to create and maintain an appropriate level of knowledge.

2. *Specific Duties:* The following shall be the common recurring activities of the Committee in carrying out its oversight function. These activities are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate given the circumstances.
  - A. Reviewing and authorizing all compensation actions affecting all Executive Officers of the Company and, where appropriate, other key executives.

- B. Consistent with existing shareholder approved compensation plans, reviewing and authorizing the terms and conditions of proposed annual bonus plans applicable to Executive Officers of the Company; establishing performance criteria (with input from Company management) relating to such incentive bonus plans; and determining whether such criteria have been met prior to the payment of such awards.
- C. Reviewing and approving corporate goals and objectives relevant to the CEO's compensation, evaluating the CEO's performance as compared to established goals, and including the CEO's performance as one factor in setting the CEO's compensation.
- D. Evaluating the performance of other Executive Officers with input from the CEO.
- E. Reviewing proposed stock compensation plans and other incentive plans and all proposed changes to these plans and either authorizing or recommending that the full Board and/or the stockholders of the Company authorize such plan amendments. Administering these plans and (with input from Company management) establishing and evaluating performance criteria for awards and designating the classification of employees of the Company to whom awards are to be granted, the number of shares subject to each award and the other terms of awards.
- F. Reviewing and approving all other executive compensation arrangements, including, but not limited to, other incentive plans, non-qualified deferred compensation plans, executive retirement plans, perquisites, change-in-control agreements, and severance agreements.
- G. Reviewing and recommending to the Company's Board of Directors compensation for the Company's non-employee directors.
- H. Reviewing compliance by executives with stated stock ownership goals.
- I. Retaining the services of an outside consultant periodically to review the competitiveness of the compensation and benefits package for the Executive Officers of the Company.
- J. Reviewing and authorizing disclosures to be made in the name of the Committee concerning the executive compensation programs of the Company and reviewing and authorizing other information concerning these programs to be disclosed in the Company's annual proxy statement.
- K. Reviewing and discussing with the Company's management the Compensation Discussion and Analysis to be included in the Company's proxy statement; based on that review and discussion, determining whether to recommend approval to the Company's Board of Directors; and providing the Compensation Committee Report for the Company's proxy statement.

- L. The Committee will periodically review the Company's compensation policies and practices for all employees to evaluate whether such programs create risks reasonably likely to have a material adverse effect on the Company.