

W HOLDING COMPANY, INC.

COMPENSATION COMMITTEE CHARTER

Purpose

The Compensation Committee (the “Compensation Committee”) of the Board of Directors (the “Board”) of W Holding Company, Inc. (the “Company”) shall discharge the Board's responsibilities relating to compensation of the Company's directors and executive officers, and administer and implement the Company's incentive-compensation plans and equity-based plans, if any. The Compensation Committee also shall be responsible for preparing a report on executive compensation for inclusion in the Company's annual meeting proxy statement.

Committee Membership

The Compensation Committee shall consist of no fewer than two members of the Board. Members of the Compensation Committee shall be appointed by the Board and as such, may be removed by the Board. All members of the Compensation Committee must meet the independence requirements of the New York Stock Exchange and any other legal requirements relevant to the proper administration of the Company's compensation plans and programs.

Committee Powers, Authority, Duties and Responsibilities

1. The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of directors' and executive officers' compensation and shall have the sole authority to approve the consultant's fees and other retention terms. The Compensation Committee also shall have authority to obtain advice and assistance from internal or outside legal, accounting or other advisors it determines necessary to carry out its duties.
2. The Compensation Committee shall annually review and approve corporate goals and objectives, evaluate the CEO's performance in light of those goals and objectives, and have the sole authority to determine the CEO's compensation level based on this evaluation and in accordance with any applicable employment agreement. The Compensation Committee will consider the Company's performance, long term shareholder return, the value of similar incentive awards to CEOs at comparable companies, the awards given to the CEO in past years and such other matters as it deems relevant.
3. The Compensation Committee shall review and approve, for the senior executive officers of the Company, as appropriate, (a) the annual base salary amount, (b) the bonus payment, as calculated in accordance with each such executive's employment agreement, (if any) performance or recommendations, if applicable, (c) any long-term incentive compensation, (d) any amendments to such executive's employment agreement, if applicable, any proposed severance arrangements or change in control and similar agreements/provisions, and any amendments, supplements or waivers to the foregoing agreements, in each case as, when and if deemed necessary or advisable, and (e) any perquisites, special or supplemental benefits, all in accordance with applicable law, rules and regulations.

4. The Compensation Committee shall periodically review and make recommendations to the Board with respect to the compensation of directors, including Board and committee retainers, meeting fees, equity-based compensation, and such other forms of compensation as the Compensation Committee may consider appropriate.
5. The Compensation Committee shall administer and implement the Company's incentive compensation plans and equity-based plans, including, but not limited to, (a) approving option grants and restricted unit or other awards, (b) interpreting the plans, (c) determining rules and regulations relating to the plans, (d) modifying or canceling existing grants or awards and (e) imposing limitations, restrictions and conditions upon any grant or award as the Compensation Committee deems necessary or advisable.
6. The Compensation Committee shall periodically assess the desirability of proposing and make recommendations to the Board with respect to any new incentive-compensation plans and equity-based plans and any increase in shares reserved for issuance under existing plans.
7. The Compensation Committee shall prepare a report on executive compensation for inclusion in the Company's annual meeting proxy statement in accordance with applicable rules and regulations.
8. The Compensation Committee may delegate its authority as it deems appropriate; provided that any delegate shall report any actions taken by him or her to the whole Compensation Committee at its next regularly scheduled meeting.
9. The members of the Compensation Committee shall appoint one of their members as the Chairman. The Chairman shall be responsible for leadership of the Compensation Committee, including preparing the agenda, presiding over the meetings, making assignments and reporting to the Board at its next regularly scheduled meeting following the meeting of the Compensation Committee.
10. The Compensation Committee shall review its performance and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
11. The Compensation Committee shall have such other authority and responsibilities as may be assigned to it from time to time by the Board.

Public Availability

The text of this charter is posted on the Company's web site.

Revised by the Board of Directors of W Holding Company, Inc. on January 31, 2006.