

## Compensation Committee Charter

### **Committee Membership**

The Compensation Committee of the Board of Directors of Medical Action shall consist of at least three Directors. The members of the Committee and its Chair shall be appointed by the Board, upon the recommendation of the Nominating and Governance Committee, and may be removed by the Board at its discretion. All members of the Committee shall, in the Board's judgment, meet the applicable independence requirements of the NASDAQ Stock Market ("NASDAQ"), and all other applicable laws and regulations.

### **The Committee's Purpose**

The purpose of the Committee is to assist the Board in discharging its responsibilities with regard to executive compensation, oversee the general compensation philosophy of Medical Action, serve as the Stock Option Committee under Medical Action's stock option plans, and report on executive compensation to the Company's stockholders.

### **Committee Authority and Responsibilities**

The authority and responsibilities of the Compensation Committee are:

1. To review and approve the objectives, evaluate the performance, and review and recommend the compensation of Medical Action's Chief Executive Officer to the full Board meeting in an executive session of independent directors. The Committee bases its recommendations regarding CEO compensation on:
  - i. CEO performance in light of those objectives,
  - ii. Medical Action financial and business progress, and relative shareholder returns,
  - iii. the CEO's compensation in prior years, and
  - iv. review of compensation practices in businesses similar to those of Medical Action.
2. To review the compensation and benefits of Medical Action's officers.

3. To review incentive compensation and equity based plans, and to advise management and the Board on the design and structure of Medical Action's compensation and benefits programs and policies.
4. To administer and make awards under Medical Action's stock option plans.
5. To prepare the annual report on executive compensation required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.

### **Committee Meetings, Support, Delegation and Evaluation**

The Compensation Committee shall meet at least two times a year, or more often as circumstances require, keep minutes of its proceeding and report regularly to the Board.

The Compensation Committee may invite to its meetings any director, officer of the Company or such other person as it deems appropriate to assist it in performing its responsibilities, and has the authority to retain independent compensation or other consultants to assist it in its responsibilities, and to approve related fees and other retention provisions.

The Compensation Committee may delegate specific responsibilities to one or more individual Committee members to the extent permitted by law, regulation, NASDAQ Listing Standards and the Articles of Incorporation of the Company.

The Compensation Committee shall conduct and present to the Board an annual performance evaluation of the Committee. The Committee shall review annually the adequacy of this charter and recommend any changes that it deems appropriate to the Board for approval.