



Adopted: 2/20/04

A.G. EDWARDS, INC. COMPENSATION COMMITTEE CHARTER

Purpose

The Compensation Committee is appointed by and reports to the Board of Directors (the "Board") with the responsibilities to:

- 1) Review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer ("CEO") and the performance and development of A.G. Edwards' management in achieving these corporate goals and objectives;
- 2) Determine and approve all compensation and compensation plans for the Chief Executive Officer of A.G. Edwards;
- 3) Make recommendations to the Board with respect to non-CEO compensation, incentive-compensation plans and equity-based plans; and
- 4) Produce an annual report on executive compensation as required by the Securities and Exchange Commission to be included in A.G. Edwards' annual proxy statement.

Membership

The Compensation Committee shall consist of no fewer than three directors, all of whom shall be determined by the Board to be independent as defined under the criteria of the New York Stock Exchange listing standards and any other applicable requirements. The members of the Compensation Committee shall be appointed and removed by the Board.

Duties and Responsibilities

In keeping with its Purpose, the Compensation Committee shall have the following duties and responsibilities:

- 1) The Compensation Committee shall review and approve corporate goals and objectives relative to the compensation of the CEO.
- 2) Based upon its annual evaluation of the CEO's performance considering the corporate goals and objectives: 1) the Compensation Committee will determine and approve the CEO's compensation

and communicate its determination to the Board; and 2) in determining the CEO's long-term compensation, the Compensation Committee will consider A.G. Edwards' performance and relative shareholder return, the compensation of chief executive officers at comparable companies, the awards given to the CEO in past years, and other factors the Compensation Committee deems relevant to its considerations.

- 3) The Compensation Committee shall make recommendations to the Board with respect to incentive-compensation and equity-based compensation plans.
- 4) The Compensation Committee shall review and make recommendations to the Board concerning compensation for the senior executives of A.G. Edwards. In reviewing the compensation for senior executives, the Compensation Committee will take into consideration each individual's performance, A.G. Edwards' overall performance, the compensation of officers holding similar positions at comparable companies, and other factors the Compensation Committee deems relevant to its recommendation.
- 5) To assist in the review of compensation for the Chief Executive Officer and senior executives of A.G. Edwards, the Compensation Committee shall have the sole authority to retain and terminate compensation-consulting firms, including sole authority to approve the firm's fees and other retention terms. The Compensation Committee in its discretion also shall have authority to retain legal, accounting or other advisors.
- 6) The Compensation Committee shall review and approve compensation plans and policies for the non-management directors of the Board to ensure their appropriateness, particularly with regard to the independence criteria for independent directors established by the New York Stock Exchange.
- 7) The Compensation Committee has the authority to delegate duties and responsibilities to subcommittees, as it deems appropriate.
- 8) The Compensation Committee shall report regularly to the Board with respect to its actions and recommendations.
- 9) The Compensation Committee shall conduct an annual self-evaluation of its performance, including a review of its adherence to this Charter and to recommend to the Board any proposed changes to this Charter as deemed necessary.

Meetings

The Compensation Committee shall meet at least twice each fiscal year and may hold additional meetings it deems necessary to fulfill its duties and responsibilities. A majority of Compensation Committee members present at each meeting shall constitute a quorum.

The Chair of the Compensation Committee shall preside at all of this Committee's meetings at which he or she is present and shall set the agenda for such meetings. Any Board director is free to suggest items for inclusion in the agendas for the Committee's meetings.