

# ANALYSTS INTERNATIONAL®

## Compensation Committee

### *Overview*

The Compensation Committee is responsible for executive management compensation that is consistent with corporate objectives, shareholders' interests and an overall "pay for performance" philosophy. The Committee is comprised of three non-employee directors who are defined as independent by the rules and regulations of Nasdaq and the Securities and Exchange Commission.

### *Roles and Responsibilities*

The Committee approves the annual salaries and incentive plans for executive officers, and oversees and monitors compensation plans for other key management positions. One of the Committee's duties is to determine whether the overall level of compensation opportunity is competitive with other companies of comparable size and complexity, and enables Analysts International to attract and retain top executives. In general, the compensation program consists of base salary, annual cash bonus and long-term incentives in the form of stock options. The cash bonus component of the program is based on attainment of criteria established prior to the beginning of each fiscal year, and rewards executives for Company and individual performance. The Committee also monitors and administers retirement plans for the executive officers and grants options under employee stock option plans, in an effort to align the interests of executives to shareholder return through long-term opportunities for stock ownership.

### *Membership*

The members of the Compensation Committee for 2004-2005 are: Chairman, Margaret A. Loftus, Krzysztof K. Burhardt, and Edward M. Mahoney.