

CHARTER OF COMPENSATION COMMITTEE

(as adopted March 3, 2005)

Status

The Compensation Committee (the "Committee") is a committee of the Board of Directors of DPL Inc. (the "Company").

Organization

The Committee shall consist of at least three directors, all of whom, in the judgment of the Board of Directors, shall be independent in accordance with the New York Stock Exchange listing standards. Additionally, no director may serve on the Committee unless he or she (1) is a "Non-employee Director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, and (2) satisfies the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code. Committee members shall be appointed by the Board of Directors on the recommendation of the Nominating and Corporate Governance Committee. Committee members shall hold their offices for one year and until their successors are elected and qualified, or until their earlier resignation or removal. All vacancies in the Committee shall be filled by the Board based on the recommendations of the Nominating and Corporate Governance Committee.

The Board shall designate one of the members as Chairman of the Committee and the Committee shall meet periodically, as deemed necessary by the Chairman of the Committee, but in no event less than three times a year. A representative from the Company shall give notice, personally or by mail, telephone, facsimile or electronically, to each member of the Committee of all meetings not later than 12 noon on the day before the meeting, unless all of the members of the Committee in office waive notice thereof in writing at or before the meeting, in which case the meeting may be held without the aforesaid advance notice. A majority of the members of the Committee shall constitute a quorum for the transaction of business.

The Committee may form one or more subcommittees, each of which may take such actions as may be delegated by the Committee, provided however, that any such subcommittee is composed entirely of independent directors as defined under the listing standards of the New York Stock Exchange. The Committee shall periodically report on its activities to the Board and make such recommendations and findings as it deems appropriate. The Committee shall annually review and reassess the adequacy of this Charter, which shall be made available on the Company's website, and recommend any proposed changes to the Board for approval. The Committee shall perform an annual self-evaluation in accordance with the listing standards of the New York Stock Exchange.

Purpose

The Committee is charged with the responsibility of assisting the Board of Directors in discharging its responsibilities in respect of compensation of the Company's Chief Executive Officer and other executives and the Company's supplemental compensation and benefits programs, and ensuring the competitiveness of such compensation and benefits. Specifically, the Committee's primary duties and responsibilities shall be to:

- develop and recommend to the Board compensation for senior executives, including oversight of all senior executive benefit plans, including non-qualified plans;
- oversee the Company's incentive plans;
- oversee the Company's qualified defined benefit pension plans;
- produce an annual report on executive compensation for inclusion in the Company's annual proxy statement to be filed with the Securities and Exchange Commission;
- perform such other similar duties and responsibilities which may be referred to the Committee from time to time by the full Board of Directors; and
- review and recommend to the full Board of Directors any employment contracts or consulting arrangements between the Company and any current or former employees or directors.

Duties and Authority

To fulfill its responsibilities and duties, the Committee shall have the following functions:

1. The Committee is responsible for (i) reviewing and approving annual and long-term corporate goals and objectives relevant to compensation of the Chief Executive Officer and other senior executives; (ii) evaluating the performance of the Chief Executive Officer and other senior executives in light of the approved performance goals and objectives; and (iii) either as the Committee or together with the other independent directors (as directed by the Board), determine and approve the compensation level of the Chief Executive Officer and other senior executives based upon the evaluation of the performance of the Chief Executive Officer and the other senior executives, respectively. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee shall consider the Company's performance and relative shareholder return, the value of similar incentive awards to Chief Executive Officers at comparable companies and the awards given to the Company's Chief Executive Officer in past years.
2. The Committee shall make recommendations to the Board of Directors with respect to non-Chief Executive Officer compensation. The Committee shall review and approve the actual compensation, including base pay adjustments, stock incentive unit grants, stock options, and any annual and long-term incentive payouts, paid to senior executive officers of the Company. The Committee should review any employment agreements, severance agreement or change of control agreements between the Company and its senior executive officers.
3. As part of its review and approval of the performance criteria and compensation of designated officers, the Committee should meet separately on an annual basis with the Chief Executive Officer and any other executive officers that the Committee requests be present. The Committee shall also meet without such officers present and in all cases such officers shall not be present at Committee meetings at which their performance and compensation are being discussed and determined.

4. The Committee shall review and approve the design of the benefit plans which pertain to the Chief Executive Officer and other senior executive officers.
5. The Committee shall review and recommend to the Board the creation and/or revision of incentive compensation plans and equity-based plans. The Committee shall establish criteria for the granting of options and other equity compensation to the Company's officers and other employees and review and approve the granting of such options and other equity compensation in accordance with such criteria.
6. The Committee, in consultation with the Nominating and Corporate Governance Committee of the Board, shall review director compensation levels and practices and recommend, from time to time, changes in such compensation levels and practices to the full Board.
7. Obtain through discussions with management of the Company a general understanding of compensation design throughout the entire organization. The Committee may ask senior management to present items of importance directly to the Committee for consideration, such as:
 - programs which are responsive to, and compliant with, government rules and regulations to promote equal opportunity for employee applicants and current Company employees;
 - personnel policies designed to attract qualified personnel to the Company and its subsidiaries and programs designed to develop the talents and abilities of current Company employees; and
 - report on which of the Company's junior executives are ready to assume increased management responsibilities.
8. Review and recommend to the Board changes to or adoption of qualified pension plans and non-qualified plans of the Company and conduct periodic reviews of plan asset investment and funding guidelines.
9. In addition to the specific duties and functions set forth in this Charter, the Committee shall perform any other activities consistent with this Charter, the Company's by-laws and governing law as the Committee or the Board deems appropriate.

Committee Resources

The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting, financial or other advisors. Without limiting the foregoing, the Committee shall have the authority, to the extent it deems necessary or appropriate, to retain a compensation consultant to assist in the evaluation of director or senior executive compensation. The Committee shall have sole authority to retain and terminate any such consulting firm, including sole authority to approve the firm's fees and other terms of retention. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any consulting firm or other advisors employed by the Committee.