

**Investors Financial Services Corp.  
Investors Bank & Trust Company  
Compensation Committee Charter**

**Purpose**

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to discharge the Board’s responsibilities relating to compensation of the Company’s directors and officers. The Committee has overall responsibility for evaluating and approving the benefit, bonus, incentive compensation, severance, equity-based and other compensation plans covering the members of the Company’s Executive Committee, as well as other compensation related policies and programs of the Company. The Company’s Executive Committee is comprised of the Chief Executive Officer, President, Chief Financial Officer, Senior Vice President – Technology, Senior Vice President – Marketing and Client Management and General Counsel.

**Committee Membership**

The Committee shall be comprised of a minimum of three members. Each Committee member shall meet any independence requirements promulgated by the Securities and Exchange Commission, the National Association of Securities Dealers, any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company (each a “Regulatory Body”).

The members of the Committee and the Chairman of the Committee shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee. Committee members may be replaced by the Board.

The Committee shall meet as necessary, but at least twice each year, to enable it to fulfill its responsibilities and duties as set forth herein. The Committee shall report its actions to the Board and keep written minutes of its meetings.

**Committee Authority and Responsibilities**

The following activities are set forth as a guide with the understanding that the Committee may diverge from this guide as it considers appropriate:

1. The Committee shall review and approve annually the Company’s five year plan and annual budget, including earnings per share goals contained therein, shall evaluate the CEO’s performance in light of those earnings goals and shall recommend to the Board the CEO’s compensation levels based on this evaluation. In determining the long-term incentive component of CEO compensation, the Compensation Committee will consider the Company’s performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years. The CEO shall not be present during voting or deliberations with respect to the determination of the CEO’s compensation.
2. The Committee shall review annually the performance of senior executives of the Company and shall review and approve, for the CEO and other members of the Company’s Executive Committee, (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, (d) employment agreements, severance arrangements and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits.
3. The Committee shall produce in accordance with applicable regulations a report on executive compensation for inclusion in the Company’s Proxy Statement for its Annual Meeting of Stockholders.

4. The Committee will review reports regarding the Company's compensation plans, policies and programs that pertain to employees other than executive officers or the corporate executive group. The Committee shall consider recommendations of management with respect to the adoption, amendment, administration or termination of compensation, incentive, equity, welfare, benefit, pension and other plans related to compensation of current and former employees of the Company in each case taking into account appropriate industry benchmarks and the compensation policies pursued by comparable companies. As appropriate in connection with this process, the Committee shall seek appropriate assurances from internal or external advisors that all compensation and perquisites are appropriate, legally permissible and, where required, properly disclosed to the Company's shareholders.
5. The Committee shall evaluate director compensation, recommend to the full Board the appropriate level of director compensation, and take primary responsibility for ensuring that any payments to directors other than in their capacity as directors are permissible and fully and properly disclosed.
6. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or senior executive compensation and shall have the sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
7. The Committee shall oversee the Company's compliance with any rules promulgated by any Regulatory Authority prohibiting loans to officers and directors of the Company.
8. The Committee shall review on a periodic basis the Company's compliance with all laws and regulations relating to compensation and employee benefits, ERISA, labor laws, employment discrimination and other human resources matters.
9. The Committee shall review on a periodic basis the Company's guidelines regarding employee stock ownership and the Company's policies and procedures governing compliance with applicable laws relating to employee ownership of securities of the Company.
10. The Committee shall review on a periodic basis the Company's policies and procedures relating to all 401(k) plans or similar plans maintained by the Company or any of its subsidiaries or controlled affiliates and the ability of any participant in such plan to purchase or sell securities of the Company in his or her 401(k) account.
11. The Committee shall perform such duties and responsibilities as may be assigned to the Committee under the terms of any executive compensation plan.
12. Such additional powers and duties as may be reasonable necessary or desirable, in the Committee's discretion, to exercise the powers and fulfill its duties.
13. The Committee shall review and assess the adequacy of this Charter periodically as conditions dictate to ensure compliance with any rules or regulations promulgated by any Regulatory Body and recommend any modifications to this Charter if and when appropriate to the Board for its approval.
14. The Committee shall review its own performance annually.

#### **General**

In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

1. One or more officers or employees of the Company whom the Committee members reasonably believe to be reliable and competent in the matters presented;
2. Counsel, independent auditors, or other persons as to matters which the Committee members reasonably believe to be within the professional or expert competence of such person; or
3. Another committee of the Board as to matters within its designated authority which committee the Committee members reasonably believe to merit confidence.

Any duty or action of the Committee may be undertaken and fulfilled by the independent members of the Board in place of the Committee.