



MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE CHARTER

(adopted July 10, 2003)

I. Members

- A. All members of the Management Development and Compensation Committee shall be independent in accordance with the New York Stock Exchange listing standards and as defined under Section 162(m) of the Internal Revenue Code, as well as such standards as may be established by the Board of Directors in the Company's Corporate Governance Principles, and in no event shall the Committee consist of fewer than three (3) directors. Additionally, members of the Committee shall qualify as "non-employee directors" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code.
- B. The Management Development and Compensation Committee shall meet at least twice a year and shall hold an executive session without the Chairman and Chief Executive Officer (the "CEO") at least annually.
- C. The Management Development and Compensation Committee shall possess the authority to request the attendance of any officer or employee, as appropriate, or retain special outside expertise such as legal or other consultants at any time deemed necessary in connection with the performance of its duties. The retention of such advisors and consultants shall be on such terms and conditions, including fees, as the Management Development and Compensation Committee in its sole discretion shall approve. Any advisor or consultant so retained shall report directly to the Management Development and Compensation Committee.

II. Purpose

The Management Development and Compensation Committee shall, subject to review by the Board of Directors, have the power and authority to:

- A. Administer the CEO's employment agreement and compensation against performance, as well as establish appropriate levels of short-term and long-term compensation levels for other corporate and division officers.
- B. Review and report to the Board on the utilization of stock-based incentive plans within the Company; exercise the authority given to it under the Company's various stock plans, including the determination of the nature and amount of award to be granted thereunder.

- C. Review and report to the Board on the Company's activity related to attracting qualified executives and the development of such executives within the Corporation.

III. Principles

The Management Development and Compensation Committee shall be guided by the following principles:

- A. Align executive compensation with the creation of shareholder value.
- B. Require stock ownership by senior executives and encourage all other executives to directly align executive interests with shareholder interests.
- C. Reward contributions that further the Company's KBNxt operational business model by aligning individual performance measures with the Corporation's performance objectives.
- D. Balance compensation elements to encourage the achievement of both short-term business plans and long-term strategic objectives with a focus on total compensation.
- E. Attract, retain and motivate executives of the highest quality.

IV. Responsibilities

Specific responsibilities of the Management Development and Compensation Committee include:

- A. Annual review of the CEO performance, including the financial objectives outlined in the employment agreement between the Corporation and the CEO and stated performance measures outlined in other performance-based compensation plans in which the CEO may participate; set CEO's compensation level and approve the payment of annual and long-term incentive awards based on such evaluation and in accordance with the regulations set forth under Section 162(m) of the Internal Revenue Code.
- B. Annual review of the overall performance of other executive officers of the Company and establishment of competitive and appropriate, performance-based levels of compensation for such executives.
- C. Administer the Company's stock plans, including, but not limited to, selecting participants, making grants and awards, setting performance targets and interpreting the terms of the provisions of the plans; and adopt operating rules necessary to implement the plans and to conform with governing requirements.
- D. Approve new executive compensation programs, and periodic review of existing short-term and long-term executive compensation and benefit plans to assess their continued support of the Company's business strategy and effectiveness in driving executive performance.
- E. Review and approve, as necessary, actions of the Management Administrative Committee. This includes the actions taken by the management committee with fiduciary responsibility

for the Company's 401(k) plan and various other qualified and non-qualified executive compensation and benefit plans.

- F. Review and approve an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with the requirements of the Securities Exchange Act of 1934, as amended.
- G. Consider and make recommendations to the Board of Directors with respect to the formulation of a succession process for the CEO and the Company's senior officers.
- H. Review and approve new Vice Presidents of the Company; recommend new Corporate officers at the Senior Vice President level and above to the Board for full approval and ratification.
- I. Oversee the Company's policies relating to development and retention of able management and employees, including personnel practices, equal employment opportunity practices and education and training programs.
- J. Reporting to the Board of Directors and stockholders of the Company with respect to the foregoing.