

## COMPENSATION COMMITTEE CHARTER

The Compensation Committee of the board of directors of Libbey Inc. is formed for the purposes of (a) discharging the board's responsibilities relating to executive compensation, (b) producing an annual report on executive compensation for inclusion in the proxy statement or annual report on Form 10-K as required by the SEC, (c) approving grants of stock options and other awards under the company's equity participation plans and providing oversight and administration of these plans in accordance with the provisions of the plans, and (d) providing oversight and administration for the company's employee stock purchase plan in accordance with the provisions of the plan.

The purposes and direct responsibilities of the company's Compensation Committee include the following:

- Review executive compensation at comparable companies and recommend to the board compensation levels and incentive compensation plans for the company's executives.
- Review and approve the corporate goals and objectives relevant to the targets of the executive incentive compensation plans.
- The chairman of the Compensation Committee is responsible for reviewing the board's annual evaluation of the company's Chief Executive Officer with the Chief Executive Officer.
- Following the evaluation of the performance of the Chief Executive Officer, the Compensation Committee shall establish the compensation of the Chief Executive Officer of the company based on the evaluation, and in determining the long-term incentive compensation component of the Chief Executive Officer's compensation, the Compensation Committee will consider the company's performance, relative shareholder return, the value of similar awards to chief executive officers at comparable companies and the awards given to the company's Chief Executive Officer in past years.

Produce an annual report on executive compensation for inclusion in the proxy statement or annual report of Form 10-K as required by the SEC .

- Approve all grants of awards under the company's equity participation plans.

- Oversee and administer the company's equity participation plans and employee stock purchase plan in accordance with the provisions of the plans.
- Perform an annual evaluation of the performance and effectiveness of the Compensation Committee.
- Perform such other duties as may be assigned to it by the board.

The Compensation Committee shall consist entirely of non-employee directors who meet the applicable requirements of the New York Stock Exchange for membership on the Compensation Committee, the requirements of Rule 16b-3 of the Securities Exchange Act of 1934 for a "non-employee director" and the requirements of Section 162 (m) of the Internal Revenue Code for an "outside director" and the independence standards of the board. The board appoints the committee members after receipt of the recommendation of the Nominating and Governance Committee.

The chairman of the committee is responsible for the frequency and duration of the committee meetings, for establishing the agenda for the committee meetings in consultation with the other committee members and for providing a report of the committee meeting to the board at the next board meeting.

In the performance of its duties, the Compensation Committee shall have the authority to delegate any of its responsibilities to such subcommittees as it deems appropriate. The Compensation Committee shall also have the sole authority to retain, and terminate the retention of, such compensation consultants and other outside advisors as the committee deems appropriate in the evaluation of the compensation of the Chief Executive Officer or senior executives, at such fees and upon such terms as it, in its sole discretion, shall determine.

Unless otherwise set forth above or mandated by the board, the committee's responsibilities shall not extend to benefit plans and arrangements which cover all or a broad-based group of employees.

April 26, 2004