

## **Charter of the Compensation Committee of the Board of Directors of QRS Corporation**

### **Purpose.**

The Compensation Committee shall: (1) discharge the board's overall responsibility relating to compensation of the Company's executive officers and directors, subject to certain exceptions noted below; (2) evaluate the performance of the executive officers of the Company; (3) administer the stock and incentive plans of the Company; (4) oversee development and succession plans for executive officers; and (5) assist the board in exercising each of these responsibilities with respect to the chief executive officer (CEO), which authority the board shall retain. As used here, "executive officer" shall mean any section 16 officers, excluding the CEO, any exempt (officer level) employees who report to the CEO and any other employee deemed to be a key individual by both the committee and the CEO.

### **Composition of the Committee.**

At Least Two Members. The Committee shall be composed of at least two independent directors. The board shall appoint the chair of the Committee.

Independence. All committee members shall be independent as defined in the Nasdaq National Market listing standards in effect from time to time (referred to below as the "listing standards"). In addition, all committee members shall be independent and qualified to serve on this committee under Rule 16b-3 issued pursuant to the Securities Exchange Act of 1934, and applicable regulations under Section 162(m) of the Internal Revenue Code of 1986.

Appointment and Replacement of Compensation Committee Members. Subject to the requirements of the listing standards, the board may appoint and remove committee members in accordance with the Company's bylaws. Upon expiration of any term or to fill any vacancy on the Committee, the board shall appoint members of the Committee and shall consider the recommendation of the Compensation Committee.

**Committee Functions.** The committee will:

- Executive Officer Compensation: review and approve the corporate goals and objectives relevant to the compensation of the Company's executive officers, evaluate the officers' performance in light of those goals and objectives, and set the officers' compensation (including salary, bonus, long-term incentive compensation, benefits, and any other compensation, perquisite and special benefits) based on this evaluation. In reviewing and determining compensation of the executive officers, the Committee may consider the compensation awarded to officers of comparable companies, the Company's performance, the individuals' performance, compensation given by the board to the Company's CEO or given to the company's executive officers in past years and any other factor the Committee deems appropriate. The Committee shall make recommendations for the board's approval in connection with the evaluation of the performance and the determination of the compensation of the chief executive officer. The committee shall ensure that executive officer compensation awards are consistent with or appropriately related to the CEO's compensation, as approved by the board.

- Significant Officer Contracts: review and approve significant employment agreements, arrangements or transactions with executive officers, including any arrangements having any compensatory effect or purpose. Any such matters relating to the CEO will be presented to the board for review and approval.
- Succession Planning: review management development and executive officer succession plans and lead a board discussion of this matter relating to the CEO.
- Director Compensation: review and recommend to the board appropriate director compensation programs for service as directors, committee chairs and committee members, consistent with any applicable requirements of the listing standards for independent directors.
- Appointment of Executive Officers: such appointments shall remain a responsibility of the board, with the understanding that the CEO shall be given considerable discretion in selecting and retaining members of management.
- Compensation Policies Plans and Performance Alignment: develop and periodically assess the Committee's and company's policies and plans applicable to the Company's executive officers and directors, including the relationships of company strategies and corporate performance to executive compensation.
- Equity Compensation Plan Awards: approve stock option grants and other equity-based incentive awards under the Company's stock and incentive compensation plans, including any performance criteria relating to the plans or awards, and otherwise assist the board in administering awards under these plans. Make recommendations for board approval of CEO stock options and equity based rewards and ensure appropriate correlation among the CEO and executive officer rewards.
- Evaluate Stock and Incentive Plans: periodically assess and make recommendations to the board concerning the Company's stock and incentive compensation plans, including the impact of stock compensation plans on shareholder value and the impact of dilution from company stock plans.
- Retention of Compensation Consultant and Other Advisors: have sole authority to retain and terminate any compensation consulting firm used to evaluate director, CEO or executive officer compensation, and to approve the firm's fees and other retention terms. The Committee shall also have the authority to obtain advice and assistance from internal and external legal, human resource or other advisors. The committee shall ensure the independence of such third parties and their external advisors, for which determination the committee shall take into account, among other things, whether such advisors have been, are currently or are proposed to be engaged by the Company other than directly by the board of directors or its committees.
- Committee Report in Proxy Statement: timely prepare and approve a report of the Committee for inclusion in the Company's proxy statement for each annual meeting of stockholders, including a discussion of the Committee's compensation policies applicable to executive officers and the specific relationship of corporate performance to executive compensation, the factors, criteria and other basis for the CEO's compensation reported for the last completed fiscal year, and a specific discussion of the relationship of the quantitative and qualitative aspects of the Company's performance to the CEO's compensation for the last completed fiscal year.
- Annual Performance Review: evaluate its performance as the Compensation Committee on an annual basis.

#### **Meetings, Reports and Resources of the Committee.**

Meetings. The Committee will meet at least quarterly. Once per year, the Committee shall obtain board approval for a calendar of meetings, topics and deliverables and the committee's work shall be governed

by the calendar. The calendar may be modified with board consent. Minutes shall be kept of each meeting.

The Committee may also hold special meetings or act by unanimous written consent as the Committee may decide, for purposes of approving awards under stock or incentive plans or other purposes of the Committee.

Committee meetings will be governed by the quorum and other procedures generally applicable to meetings of the board under the Company's bylaws, unless otherwise stated in the bylaws or by resolution of the board or the Committee.

The Committee, as it may determine to be appropriate, may meet in separate executive sessions with other directors, the chief executive officer and other company employees, agents or representatives invited by the Committee.

Reports.

The Committee will report to the board at an appropriate time prior to preparation of the Company's proxy statement for its annual meeting concerning executive officer compensation matters and provide the report of the Compensation Committee that must be included in the proxy statement.

The Committee will also annually report to the board the results of an annual review by the Committee of its own performance.

The Committee will also provide additional reports to the board as the Committee may determine to be appropriate in light of its purposes and functions.

Committee Access and Resources. The Committee is at all times authorized to have direct, independent access to the Company's other directors and management. The Committee is authorized to communicate in confidence with any of these individuals.

Nothing in this charter is intended to preclude or impair the protection provided in Section 141(e) of the Delaware General Corporation Law for good faith reliance by members of the Committee on reports or other information provided by others.



Approved by Board of Directors December 3, 2003