



EDGEWATER TECHNOLOGY, INC. BOARD OF DIRECTORS COMPENSATION COMMITTEE CHARTER

Organization

The Compensation Committee (the "Committee") of the Board of Directors of Edgewater Technology, Inc. (the "Company") shall be appointed by the Board of Directors and shall consist of at least three directors, each of whom immediately following the 2004 Annual Stockholders' Meeting of the Company must be "Independent," as defined in paragraph 17 of the Company's Corporate Governance Board Guidelines, as amended, and satisfy any other criteria for membership that are specified in the NASDAQ Rules and any other federal or state statute or regulation applicable to the Company from time to time. The Committee shall be subject to the provisions of the Company's Amended and Restated Bylaws relating to committees of the Board of Directors, including those provisions relating to removing committee members and filling vacancies.

Statement of Policy and Policy

The Committee shall provide assistance to the Board of Directors in fulfilling its oversight responsibility related to the compensation programs, plans and awards for directors and principal officers.

Authority, Powers and Responsibilities

In discharging its appointment from the Board of Directors, the Committee will:

- Annually review and approve goals and objectives relevant to Chief Executive Officer (the "CEO") compensation that are consistent with the Company's corporate governance principles.¹
- Annually evaluate the CEO's performance in light of those goals and objectives, and set the CEO's overall compensation level based on this evaluation, including but not limited to incentive compensation plans, equity-based plans and employment agreements.¹
- In determining the long-term incentive component of CEO compensation, consider objective criteria, including the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.¹
- Annually review, evaluate and determine the overall compensation of all other executive officers, including but not limited to incentive compensation plans, equity-based plans and employment agreements.¹
- Have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO, or principal officer compensation and to approve the

¹ The Committee shall meet in as many executive sessions outside of the presence of the CEO and management during each fiscal year in determining the CEO's and management's compensation, as necessary, to comply with the NASDAQ Rules (whether proposed or adopted) and any other federal or state statute or regulation applicable to the Company from time to time.

consultant's fees and other retention terms, for which the Company will be responsible for payment thereof.

- Review, approve and recommend any equity-based compensation plans, whether or not required to be approved by the Company's stockholders.
- Administer the Company's equity-based compensation plans in accordance with the terms, provisions and conditions of such plans.
- Issue an annual report on executive compensation for inclusion in the Company's Annual Definitive Proxy statement for each Annual Stockholders' Meeting in accordance with applicable rules and regulations.
- Review and assess annually this Charter and the performance of the Committee and obtain the approval of the Board of Directors of any recommended changes to the Charter or the Committee.
- Have the authority to investigate all matters brought to its attention with full access to all books, records, facilities, and personnel of the Company for such matters and the power to retain outside professionals for this purpose, all at the expense of the Company.
- Undertake all further actions and discharge all further responsibilities imposed upon the Committee from time to time by applicable rules of the Securities and Exchange Commission, NASDAQ and any other federal or state statute or regulation applicable to the Company from time to time.

Charter Adoption and Amendments

This Charter was adopted effective December 10, 2003.