

# STEWART ENTERPRISES, INC.

## COMPENSATION COMMITTEE CHARTER

*February 2004*

### **Organization and Member Qualifications**

The compensation committee shall be comprised of at least three directors appointed by the Board, each of whom shall comply with the independence and other member qualification requirements of the trading markets on which the Company's securities are listed and all legal requirements, including but not limited to (i) the requirements specified in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, to qualify as a member of a committee of the board of directors able to approve the transactions described therein and (ii) the requirements specified in Internal Revenue Code §162(m) and the regulations promulgated thereunder relating to members of compensation committees.

### **Committee Purpose and Authority**

The compensation committee's primary purpose is to review and approve the Company's executive compensation policies, with the following objectives in mind: (i) providing competitive levels of compensation that integrate pay with the Company's annual and long-term performance goals, (ii) rewarding achievements in corporate performance, (iii) recognizing individual initiative and performance, (iv) assisting the Company in attracting and retaining qualified executives and (v) aligning the interests of the executives with the long-term interests of Company shareholders through award opportunities that can result in the ownership of the Company's equity securities. The compensation committee shall also recommend to the full Board for its approval a compensation policy for the members of the Board of Directors who are not full time employees of the Company (the "Outside Directors").

The compensation committee shall have the sole authority to (i) approve and evaluate all contracts under which Compensation (as defined below) is paid or awarded to the Company's executive officers, (ii) set annual compensation amounts and annual bonus criteria for Executive Officers (as defined below), (iii) grant options and make awards to Executive Officers under the Company's stock compensation plans, (iv) report periodically to the Board of Directors on the foregoing and (v) produce the annual report on executive compensation for inclusion in the Company's proxy statement.

### **Definitions**

The following terms with their initial letters capitalized shall, unless the context otherwise requires or unless otherwise expressly provided herein, have the meanings set forth below:

- "Company" shall mean Stewart Enterprises, Inc.

- **“Compensation”** shall mean (i) annual base salaries, (ii) annual incentive bonuses, (iii) long term incentives and (iv) perquisites, whether paid in cash or equity.
- **“Executive Officers”** shall mean (solely for purposes of this charter) those employees of the Company who are identified from time to time by Board resolution as being “officers” of the Company for purposes of Section 16 of the Securities Exchange Act of 1934. Currently, such officers are the following:
  - The President and Chief Executive Officer
  - The Chief Financial Officer
  - The Principal Accounting Officer
  - Each Division President
  - President of Investors Trust, Inc.

### **Responsibilities**

In meeting its responsibilities, the compensation committee will:

#### *Director Compensation*

- Evaluate no less frequently than annually and report to the full Board the status of the Company’s Outside Director compensation practices in relation to other companies of comparable size and within the industry.
- Recommend to the full Board for its approval no less than annually a compensation policy for the Outside Directors.

#### *Executive Compensation*

- Evaluate no less frequently than annually the performance of the Chief Executive Officer. The evaluation should be based on both objective and subjective criteria, including (i) the annual incentive bonus criteria set forth in the employment agreement between the Chief Executive Officer and the Company, (ii) the Company’s accomplishment of financial and strategic objectives established by the Board or otherwise relevant to the Chief Executive Officer’s compensation, (iii) the Chief Executive Officer’s performance in light of those objectives and (iv) any other criteria deemed relevant by the committee.
- Approve prior to execution and review no less frequently than annually the terms of the respective employment agreements between the Company and each Executive Officer.
- Approve the annual incentive bonus granted to each Executive Officer in accordance with (i) the criteria set forth in the employment agreement between the Company and the Executive Officer and (ii) any other criteria deemed appropriate by the committee.
- Approve all revisions, modifications or amendments to any employment agreement between the Company and an Executive Officer, including but not limited to any

proposed change to an Executive Officer's title, base salary, employment term or annual incentive bonus criteria.

- Approve prior to execution and review no less frequently than annually the terms of any stand-alone non-competition, retirement, severance, termination or change-in-control agreement between the Company and an Executive Officer.

#### *Stock Compensation Plan Administration*

- Administer, in accordance with their terms, all stock compensation and stock purchase plans of the Company under which common shares or other equity securities of the Company may be issued to directors, officers or key employees, including but not limited to equity incentive compensation plans, and director stock option plans.
- Grant options and make awards of shares in accordance with the terms of the Company's stock compensation plans (or, with respect to non-Executive Officers, grant such authority to the Chief Executive Officer).
- Monitor, and adopt such policies as may be deemed appropriate regarding, the cashless-exercise of stock options by directors and Executive Officers in light of the prohibitions against loans to directors and executive officers contained in Section 402 of the Sarbanes-Oxley Act of 2002.

#### *Regulatory and Other Requirements*

- Oversee regulatory compliance with respect to compensation, including structuring compensation programs in a manner that preserves tax deductibility for the purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, where doing so will further the purposes of the Company's executive compensation program.
- Prepare the annual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations. Prior to publication, review and approve the "compensation" sections of the proxy statement.
- Review the committee's charter annually and recommend proposed changes to the Board if necessary or advisable.
- Carry out such other duties and responsibilities as may be assigned to the committee from time to time by the Board and/or the Chairman of the Board, or as designated in plan documents.

#### **Process**

The compensation committee shall meet as frequently as the committee deems appropriate. The committee shall make regular reports of its activities to the Board. The Chief Executive Officer of the Company may attend the meetings of the compensation committee when asked to do so,

but may not be present when the committee meets in executive session to discuss or approve his compensation or performance.

The committee shall have the power to retain and terminate any compensation consultant to assist in the evaluation of director or executive officer compensation and shall have the sole authority to approve the consultant's fees and other retention terms. The committee shall be empowered to retain independent legal counsel, accountants or other advisors, and the Company shall provide for appropriate funding for such advisors.

The committee may delegate authority to one or more members when appropriate, provided that decisions made pursuant to such delegated authority shall be presented to the full committee at its next scheduled meeting.