



## **Charter**

### **Compensation Committee of the Board of Directors**

### **Bell Microproducts, Inc.**

#### **Purpose:**

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) is to review and determine all forms of compensation to be provided to the Chief Executive Officer, executive officers and directors. This includes all forms of cash compensation, stock compensation, executive perquisites, employment contracts, management retention agreements and other forms of executive compensation. The Committee also makes recommendations and approves, as provided below, all stock compensation to employees.

In addition, the Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake other specific duties as the Board prescribes from time to time.

#### **Statement of Philosophy**

It is the policy of the Committee to attract and retain key personnel through the establishment of appropriate executive compensation plans that are geared to accomplish the following objectives:

1. ensure that there is an appropriate relationship between executive compensation and the creation of shareholder value;
2. ensure the executive total compensation program is such that it will motivate, retain and attract executives of outstanding ability; and
3. ensure that the total compensation opportunities are competitive within the industry and other comparable companies.

#### **Membership**

The Committee shall consist of at least two (2) members of the Board, all of whom shall be independent and shall at all times satisfy the requirements of Section 162M of the Internal Revenue Code. The members of the Committee shall be recommended by the Nominating Committee of the Board, and shall be appointed and shall serve at the discretion of the Board.

### **Responsibilities and Authority**

The Committee has the authority to undertake the following duties and responsibilities:

1. Reviewing and determining the compensation policy for executive officers and directors of the Company, and such other employees as may be directed by the Board.
2. Reviewing and determining all forms of compensation to be provided to the Chief Executive Officer and other executive officers of the Company. This includes, but is not limited to cash compensation, bonus incentive plans and payments, executive perquisites, employment contracts, management retention agreements, equity grants and other forms of executive compensation.
3. Reviewing and determining the performance metrics for the Chief Executive Officer and other executive officers.
4. Reviewing the performance of the Chief Executive Officer.
5. Reviewing the input and recommendations of the Chief Executive Officer regarding the performance and compensation of the other executive officers and other key direct reports to the Chief Executive Officer.
6. Reviewing the succession plans for the Chief Executive Officer and the other executive officer positions.
7. Reviewing and serving as the approval authority for any extraordinary compensation or benefit to any employee. For the purpose of this requirement, the Chief Executive Officer is responsible for determining the extraordinary compensation and benefit recommendations that are to be brought before the Committee.
8. Acting as the Administrator of the following Company Plans:
  - a) The Stock Plan
  - b) The Employee Stock Purchase Plan
  - c) The Bell Microproducts 401K Plan
  - d) Any other Plans the Company does not now have but may have in the future that could be considered a retirement plan, such as profit sharing plans.

In its administration of the plans, the Committee may, pursuant to authority delegated by the Board,

- (a) grant stock options and restricted stock to individuals eligible for such grants, including grants to individuals subject to Section 16 of the Securities Exchange Act of 1934 in compliance with rule 16b-3 promulgated thereunder, so long as the Committee is comprised entirely of disinterested persons, as such term is defined in Rule 16b-3(c) (2) (i) promulgated under the Exchange Act;
- (b) amend such stock options or restricted stock;
- (c) review and determine amendments to the plans listed in paragraph 8 above;

(d) make recommendations to the Board regarding the number of shares reserved for issuance under the Stock Plan and the Employee Stock Purchase Plan;

9. The Committee has further authority to:

- (a) Conduct such studies, analysis and evaluations necessary to perform the duties and fulfill the responsibilities assigned to it by the Board.
- (b) Have full and independent access to Company personnel, after first notifying the Chief Executive Officer or the Vice President, Human Resources of the intention to interview personnel.
- (c) Have full and independent access to Company financial information.
- (d) Seek and employ such outside assistance as it deems necessary to fulfill its responsibilities.
- (e) Delegate to the Committee chairperson the authority to approve stock option grants that are within established guidelines, or exceed guidelines by up to fifty percent (50%).
- (f) Take all action appropriate in the performance of the Committee's duties.

### **Meetings**

It is anticipated that the Committee will meet at least two times per year per year. However, the Committee may establish its own schedule, which it will provide to the Board in advance.

The Committee is authorized, by majority vote or unanimous written consent of its members, to adapt its own rules of procedure, including formalities of calling, noticing and holding meetings as long as it complies with the Bylaws of the Company. As necessary or desirable, the Committee may request that members of management, outside consultants or representatives of the Company's independent accountants or legal counsel be present at meetings of the Committee. Further, the Chief Executive Officer shall not participate in any deliberations involving the compensation of the Chief Executive Officer.

### **Reports**

The Committee may record its summaries of actions in a report to the Board in written or oral form. Any Committee recommendations subject to Board approval shall be incorporated as a part of the minutes of the Board of Directors at which those recommendations are presented.

Each year the Committee shall prepare a "Compensation Committee Report" to be included in the Company's annual Proxy Statement. At minimum, the Report shall describe the following:

1. the criteria on which the compensation paid to the Chief Executive Officer during the last fiscal year was based;
2. the relationship of such compensation to the Company's financial performance;
3. the compensation policies relative to the compensation of the Company's other executive named officers.

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**Meeting Minutes**

The Committee shall maintain written minutes of its meetings, which minutes shall be filed with the minutes of the Board.