

PACIFIC CAPITAL BANCORP

Board of Directors

Compensation & Nominating Committee Charter

Authority and Role

By resolution dated April 27, 2004, the Board of Directors of Pacific Capital Bancorp restructured the Governance & Compensation Committee into two committees: The Governance Committee and the Compensation & Nominating Committee. The Compensation & Nominating Committee adopted its revised Charter on June 21, 2004.

The purpose of the Compensation & Nominating Committee is to discharge the responsibilities of the Board relating to compensation policies and practices; reviewing and approving salaries, bonuses and other compensation of the executive officers of the Company; evaluating CEO performance; succession planning for the executive management of the Company; approving all equity-based and other compensation plans of the Company; recommending nominees for election to the Board; and such other duties as the Board may delegate to it in accordance with Section 3.9 of the Company's Bylaws.

Composition and Meetings

The Compensation & Nominating Committee is a standing committee of the Board of Directors comprised of three or more independent directors. An "independent" director is a director who meets the NASDAQ definition of "independence," as determined by the Board. Additionally, members must qualify as "non-employee directors" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code.

The members shall be elected to the Committee by the Board. Unless a Chairman is elected by the full board, the members may designate a Chairman by majority vote of the full membership. The Committee Chair will review its Committee work and any significant findings with the full Board.

Responsibilities and Duties

In carrying out its responsibilities, the Committee shall:

- ***Compensation Philosophy & Structure:*** Review and approve the Company's compensation philosophy. Oversee the Company's overall compensation structure, policies and programs, and assess whether the Company's compensation structure establishes appropriate incentives for management and employees.

- *CEO Evaluation & Compensation*: Annually review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level based on this evaluation.
- *Executive Officers Compensation*: Set the compensation of other senior executive officers based upon the recommendation of the CEO.
- *Equity Awards*: Approve stock option and other stock incentive awards for senior executive officers.
- *Equity Plans*: Administer and make recommendations to the Board with respect to the Company's incentive compensation and equity-based compensation plans. Approve, amend or modify the terms of any compensation or benefit plan that does not require shareholder approval.
- *Employment & Severance Arrangements*: Review and recommend employment agreements and severance arrangements for senior executive officers, including change-in-control provisions, plans or agreements.
- *Director Compensation*. Review the compensation of directors for service on the Board and its committees and recommend changes in compensation to the Board.
- *Succession Planning*. Periodically review succession plans relating to positions held by senior officers, and make recommendations to the Board regarding the selection of individuals to fill these positions.
- *Annual Committee Performance*. Annually evaluate the performance of the Compensation & Nominating Committee and the adequacy of the Committee's charter.
- *Nomination*. Annually recommend to the Board a slate of nominees for election at the next annual meeting of stockholders. The Committee also shall recommend to the Board candidates to fill vacancies on the Board, including as a result of the removal, resignation or retirement of any Director, an increase in the size of the Board or otherwise. Final approval of any candidate shall be determined by the full Board.
- *Director Selection Criteria*. Recommend to the Board eligibility guidelines for the selection of Director candidates. The Committee shall consider any requirements of applicable law or listing standards, as well as a candidate's strength of character, judgment, business experience, specific areas of expertise, and factors relating to the composition of the Board (including its size and structure).
- *Other Delegated Duties*: Perform such other duties and responsibilities as are consistent with the purpose of this Committee and as the Board or the Committee deems appropriate.

The Compensation & Nominating Committee will have the authority to retain (at the expense of the Company) such outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions.