



IndymacBancorp, Inc

BOARD OF DIRECTORS POLICIES

IndyMac Bancorp, Inc. Management Development and Compensation Committee Charter

I. Purpose

The purpose of the Management Development and Compensation Committee (the “MD&C Committee”) is to establish, review and monitor the compensation philosophy and practices of IndyMac Bancorp, Inc., and its direct and indirect subsidiaries (the “Company”) in order to assist the Board of the Directors (the “Board”) in the discharge of its responsibilities relating to (a) the fair and competitive compensation of the Chief Executive Officer (the “CEO”) and senior executives, (b) the employee pension and employee welfare plans of the Company, (c) the development of, and orderly succession planning related to, key senior executive personnel, and (d) the creation of a corporate environment where ethical behavior is the standard.

II. Composition

- The MD&C Committee will have a minimum of three (3) directors.
- All MD&C Committee members will satisfy the independence requirements of the New York Stock Exchange and meet the definitions of (i) a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.
- The Board will appoint the MD&C Committee members and a Chairman annually, considering the recommendation of the Nominating and Governance Committee.
- The Board may fill vacancies on the MD&C Committee, subject to such new member(s) satisfying the above requirements.
- The Board may remove a MD&C Committee member from the membership of the MD&C Committee at any time with or without cause.
- The MD&C Committee shall have sole authority to retain and terminate any consultant of its selection to advise it with respect to carrying out its responsibilities and any related matters and shall have sole authority to approve the consultant’s fees and other retention terms.
- There shall be a management liaison to the MD&C Committee, appointed by the CEO.
- The MD&C Committee shall appoint a member of management or a member of the MD&C Committee to act as secretary at each of its meetings and who will keep minutes of all MD&C Committee meetings, which will be distributed to all Board members.

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III. Delegation of Authorities

A. Board of Directors to the MD&C Committee

The Board of Directors delegates to the MD&C Committee the authority to perform all actions required for the completion of the MD&C Committee's responsibilities as set forth in the Duties and Responsibilities section of this Charter, including the appointment of all senior officers (e.g., first vice presidents, senior vice presidents and above), with the express reservation of authority related to the selection of a CEO and such other responsibilities which the Board of Directors is not legally permitted to delegate to a committee. The MD&C Committee shall provide regular reports to the full Board of Directors advising the Board of its actions.

B. MD&C Committee To CEO

The MD&C Committee shall delegate to the CEO the authority to perform all actions related to the hiring, retention, compensation, development and succession planning of all personnel of the Company, with the express reservation of authority to the MD&C Committee and the Board related to the actions specifically identified herein.

IV. Duties and Responsibilities

The MD&C Committee's responsibility is oversight, and it recognizes that the Company's management is responsible for managing the compensation and management development programs and employee benefits plans. Additionally, the MD&C Committee recognizes that corporate management have more knowledge and more detailed information about the Company than do the members of the MD&C Committee; consequently, in carrying out its oversight responsibilities the MD&C Committee is not providing any expert or special assurance as to the Company's adherence to federal and state regulations. The following functions shall be the common recurring activities of the MD&C Committee in carrying out its responsibilities. These functions are set forth as a guide with the understanding that the MD&C Committee may diverge from this guide as appropriate given the circumstances.

A. Compensation and Retention of Personnel

i. CEO Compensation

(a) Short-Term Compensation. Annually, the MD&C Committee will:

- review and approve appropriate corporate goals and objectives for the next year, which are then discussed with the full Board;
- evaluate the performance of the CEO in meeting those corporate goals and objectives with input from the full Board, and
- review and approve the compensation level of the CEO based upon this evaluation.

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(b) Long-Term Compensation. Annually, or more frequently if required by the terms of any employment contract between the Company and the CEO, the MD&C Committee will:

- review and approve the long-term incentive award for the CEO;
- consider the performance of the Company and relative total shareholder return;
- consider the value of such awards granted to other CEOs of similarly situated companies, the financial services industry and industry in general and
- consider the compensation paid, including the number of stock options granted or paid, in prior years.

(c) Employment Agreement. The MD&C Committee will:

- negotiate the terms of the CEO's employment agreement and approve the final terms of such agreement; and
- review the agreement annually and approve the terms of compensation.

ii. Chairman Compensation

The MD&C will review the short-term and long-term compensation for the Chairman of the Board, (if the Chairman is separate from the CEO and a member of management) and make a recommendation to the full Board of Directors regarding the Chairman's compensation. In the event that an employment agreement is negotiated for the Chairman, the MD&C Committee will negotiate the terms of such employment agreement and shall recommend for full Board approval the proposed final terms of such agreement. The MD&C Committee shall review the terms of compensation for the Chairman annually and shall recommend terms of compensation as appropriate for full Board approval.

iii. Executive Compensation

The MD&C Committee will:

- Periodically review the Company's philosophy regarding overall executive compensation and counsel with the CEO relative to alternative compensation approaches.
- Annually, review data to assess the Company's competitive position for the three components of executive compensation (base salary; annual incentives; and long-term incentives) by reviewing executive compensation surveys compiled by third-party consultants of similarly situated companies and others in the financial services industry and review supplemental general industry compensation information. Review on an alternating annual basis an internal analysis provided by management regarding these components and an external compensation analysis provided by an outside expert on

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compensation, which analysis may include reviewing executive compensation surveys compiled by third-party consultants of similarly situated companies and others in the financial services industry and other supplemental general industry compensation information.

- Periodically assure that overall total compensation paid to the Company's Senior Managers is reasonable and review recommendations made by the CEO for the compensation of the Company's Senior Managers.
- Review and approve recommendations made by the CEO for the compensation of the Company's Executive Officers as defined in Section 16 of the Securities and Exchange Act ("Executive Officers").
- Review Executive Officer compensation for compliance with Section 16 of the Securities and Exchange Act and Section 162(m) of the Internal Revenue Code and any other applicable laws and regulations.
- Administer and make recommendations to the Board regarding the adoption, amendment or rescission of equity incentive plans (the "Plans") (see below for further detail).
- Assure that any payments under the Plans are in conformance with any restrictions placed thereon by the Board and shareholders.
- Annually issue a report on executive compensation in accordance with applicable rules and regulations of the Securities and Exchange Commission for inclusion in the Company's proxy statement.
- Annually review and approve the terms of the standard form written employment contract to be negotiated with officers or other employees and review and approve, as appropriate, any modifications to the form made for specific officers.

iv. Employee Compensation

The MD&C Committee will periodically review the Company's philosophy regarding employee compensation and counsel with the CEO relative to alternative compensation approaches.

v. Equity Incentive Plans

The MD&C Committee will act as administrator of the Company's Plans. In its administration of the plans, the MD&C Committee may, pursuant to authority delegated by the Board (1) grant stock options or stock purchase rights to individuals eligible for such grants (including grants to individuals subject to Section 16 of the Securities Exchange Act of 1934

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in compliance with Rule 16b-3 promulgated there under), and in accordance with procedure and guidelines as may be established by the Board, and (2) amend such stock options or stock purchase rights, (3) review and amend the performance goals and objectives outlined in the Plans, (4) approve option guidelines and general size of overall grants, (5) interpret the Plans, (6) modify or cancel existing grants, (7) designate employees eligible to participate in the Plans and (8) impose limitations, restrictions and conditions upon any award as the Committee deems appropriate.

The MD&C Committee shall also make recommendations to the Board of Directors with respect to amendments to the plans and changes in the number of shares reserved for issuance there under. The MD&C Committee may also delegate authority, subject to applicable laws, to the CEO to grant stock options or stock purchase rights to officers and employees of the Company.

B. Management Development and Succession Planning

The MD&C Committee will:

- Review the Company's management resources, its executive selection and development processes, and the performance of the CEO.
- Review planning for orderly succession of CEO and the President of the Bank, including short-term contingency procedures for management succession in the event of the unexpected illnesses or departures of these senior executives.

C. Employee Pension and Employee Welfare Benefit Plans

The MD&C Committee will review the performance of the fiduciaries who manage the pension and employee welfare plans as defined by the Employee Retirement Income Security Act of 1974 ("ERISA") sponsored by the Company and all subsidiaries and render appropriate reports to the Board.

D. Corporate Culture

The MD&C Committee will:

- Periodically review the Company's Corporate Beliefs and Commitments and counsel with management relative to updates or enhancements; and
- Periodically review the results of corporate-wide employee surveys and monitor how well the Company is creating a corporate culture where competent employees with a strong ethical foundation flourish.

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E. Regulatory Compliance

The MD&C Committee will:

- Review and monitor the Company's compensation and hiring practices in support of (i) a diverse workforce, and (i) compliance with applicable laws and regulations, including laws regarding nondiscrimination in employment and human resource practices.
- The MD&C Committee may seek advice from regulatory counsel regarding compliance with applicable laws and regulations.

V. Meetings

- A majority of the MD&C Committee members will be a quorum for the transaction of business.
- The action of a majority of those present at a meeting at which a quorum is present will be the action of the MD&C Committee.
- Any action required to be taken at a meeting of the MD&C Committee will be deemed the action of the MD&C Committee if all of the MD&C Committee members executed, either before or after the action is taken, a written consent and the consent is filed with the Corporate Secretary.
- The Chairman will report from time to time to the Board on MD&C Committee actions and on the fulfillment of the MD&C Committee's duties under its Charter.
- The MD&C Committee will meet at least four (4) times per year and at such other times as may be requested by its Chairman.
- The MD&C Committee Secretary and the management liaison will prepare a preliminary agenda. The Chairman will make the final decision regarding the agenda.
- The agenda and all materials to be reviewed at the meetings, including minutes of previous meetings, should be received by the MD&C Committee members as far in advance of the meeting day as practicable (which will normally be 6 days).
- The MD&C Committee Secretary should coordinate all mailings to the Committee members, to the extent practicable.
- The MD&C Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The MD&C Committee shall annually review its own performance.
- The MD&C Committee may form and delegate authority to subcommittees when appropriate.

The MD&C Committee shall be responsible for the Board of Directors Policy listed below:

- Stock Ownership Requirements for Executive Officers