



**CHARTER OF  
COMPENSATION COMMITTEE**  
(As adopted on January 30, 2004)

**I. Mission Statement**

The Compensation Committee shall evaluate the compensation of the executive officers of the Company (and their performance relative to their compensation) and assure that they are compensated effectively in a manner consistent with the stated compensation strategy of the Company, internal equity considerations, competitive practice, and the requirements of the appropriate regulatory bodies. In addition, the Committee shall evaluate and make recommendations to the Board regarding the compensation of the directors, including their compensation for services on Board committees.

**II. Membership and Qualification**

The Committee shall consist of three or more Independent Directors as defined in and determined pursuant to Section B.3 of the Company's Corporate Governance Policy. The Committee members shall be elected annually by the Board for terms of one year, or until their successors shall be duly elected and qualified. The Board may alter the composition of the committee at its discretion and may remove any committee member at any time. The Committee Chairman shall be elected by the Board.

In addition to satisfying the requirements necessary to be Independent Directors, each member of the Committee also shall satisfy all requirements necessary to be "disinterested directors" under SEC Rule 16b-3 and qualified "outside directors" under Section 162(m) of the Internal Revenue Code and related regulations, all as amended from time to time.

**III. Meetings**

The Committee will meet at least once a year and at such additional times as may be necessary to carry out its responsibilities. Meetings may be called by the chairman of the Committee, the Chairman of the Board and/or the Chief Executive Officer of the Company. All meetings of and other actions by the Committee shall be held and taken pursuant to the bylaws of the Company, including bylaw provisions governing notice of meetings and waiver thereof, the number of Committee members required to take actions at meetings and by written consent, and other related matters.

- A. Reports of meetings of and actions taken at meetings or by consent by the Committee since the most recent Board meeting shall be made by the Committee Chairman or his/her delegate to the Board at its next regularly scheduled meeting following the Committee meeting or action and shall be accompanied by recommendations from the Committee to the Board. In addition, the Committee Chairman or his/her delegate shall be available to answer questions the other directors may have regarding the matters considered and actions taken by the Committee.
- B. The Committee shall not delegate any of its authority to any subcommittee.

#### IV. Goals and Responsibilities

In carrying out its mission, the Committee shall have the following responsibilities (it being understood that the Committee may condition its approval of any compensation on Board ratification to the extent so required to comply with applicable tax law such as Rule 162(m) of the Internal Revenue Service, or if the committee deems it otherwise appropriate:

- A. Review from time to time, modify if necessary, and approve: (a) the Company's corporate goals and objectives relevant to executive compensation and (b) the structure of the Company's executive compensation to ensure that such structure is appropriate to achieve the Company's objectives. These objectives include: rewarding the Company's executive officers appropriately for their contributions to the Company's growth, profitability and other goals and objectives; linking the interests of the Company's executive officers to the long-term interests of the Company's equity owners through a mix of long- and short-term incentives and features that include downside risk as well as upside potential.
- B. Annually evaluate the compensation (and performance relative to compensation) of the Chief Executive Officer and determine the amounts and individual elements of total compensation for the Chief Executive Officer consistent with the Company's corporate goals and objectives. If so required, communicate in the annual Compensation Committee Report to shareholders the factors and criteria on which the Chief Executive Officer's compensation is based, including the relationship of the Company's performance to the Chief Executive Officer's compensation.
- C. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee should consider without limitation the Company's performance and relative shareholder return, the value of similar incentive awards to Chief Executive Officers at comparable companies, and the awards given to the Company's Chief Executive Officer in prior years.
- D. Annually evaluate, in conjunction with the Chief Executive Officer, the compensation (and performance relative to compensation) of other executive officers and approve the individual elements of total compensation for each such person
- E. Periodically evaluate the terms and administration of the Company's annual and long-term incentive plans to assure that they are structured and administered in a manner consistent with the Company's goals and objectives as to participation in such plans, target annual incentive awards, corporate financial goals, actual awards paid to the Company's executive officers, and total funds reserved for payment under the compensation plans.
- F. Periodically evaluate (and recommend to the Board proposed amendments to) existing equity-related plans and evaluate and approve the adoption of new equity-related plans and determine when it is necessary or otherwise desirable: (a) to modify, discontinue or supplement such plans; or (b) to submit such amendment or adoption to the Board and/or a vote of the Company's shareholders.
- G. Periodically evaluate the compensation of directors, including for service on Board committees and taking into account the compensation of directors at other comparable companies. Make recommendations to the Board regarding adjustments in director compensation that the committee considers appropriate.

- H. Recommend annual retainer and meeting fees for Board and committees of the Board, and submit such recommendation to the Board for approval.
- I. Approve revisions to the Company's executive salary range structure, annual salary increase guidelines, and discuss all such compensation arrangements with the Chief Executive Officer.
- J. Periodically evaluate the Company's employee benefit programs and recommend to the Board significant changes therein and determine when it is necessary or otherwise desirable to submit such changes to a vote of the Board and/or a vote of the Company's shareholders.
- K. Perform an annual self-evaluation of the Committee's performance and annually review the adequacy of and, if appropriate, propose to the Board desired changes in the Committee's Charter.
- L. Perform such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board of the Company and/or the Chairman of the Board, or as designated in plan documents.

**V. Additional Resources**

Subject to the approval of the Board of Directors, the Committee shall have the right to use reasonable amounts of time of the Company's internal and independent accountants, internal and outside lawyers and other internal staff and also shall have the right to hire independent compensation experts, lawyers and other consultants to assist and advise the Committee in connection with its responsibilities. The Committee shall keep the Company's Chief Financial Officer advised as to the general range of anticipated expenses for outside consultants, and shall obtain the concurrence of the Board in advance for any expenditures.