



Compensation Committee

Purpose

The Compensation Committee is appointed by the Board of Directors to discharge the Board's responsibilities relating to executive compensation.

Committee Membership

The Committee will be composed of at least two directors, each of whom satisfies the definition of "independent" under the listing standards of The Nasdaq Stock Market ("Nasdaq"). All Committee members shall also be "non-employee directors" as defined by Rule 16b-3 under the Securities Exchange Act of 1934 and "outside directors" as defined by Section 162(m) of the Internal Revenue Code. In addition, Committee members are prohibited from accepting, directly or indirectly, any consulting, advisory or other compensatory fee, other than for Board service, from the Company or any subsidiary. The Committee members will be appointed by the Board upon the recommendation of the Nominating and Corporate Governance Committee and may be removed by the Board in its discretion. The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate.

Meetings

The Committee shall have regular meetings on at least a quarterly basis (or more frequently as circumstances dictate). Meetings of the Committee may be held telephonically. A majority of the members of the Committee shall constitute a quorum sufficient for the taking of any action by the Committee. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings as long as they are not inconsistent with any provisions of the Company's Bylaws or applicable laws or regulations.

Independent Advisors

The Committee will have the authority to retain such compensation consultants, legal counsel and other advisors as the Committee may deem necessary or appropriate in its sole discretion. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultants, legal counsel and other advisers retained by the Committee. The Committee shall have the sole authority to approve appropriate funding, as determined by the Committee, for payment of reasonable compensation to any compensation consultants, legal counsel or any other advisers retained by the Committee.

When receiving advice from a compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, the Committee shall take into consideration the following factors:

1. the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
2. the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
3. the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
4. any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;
5. any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
6. any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

Nothing in this charter shall be construed: (i) to require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Committee; or (ii) to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties. In addition, nothing in this charter requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the Committee consider the enumerated independence factors before selecting, or receiving advice from, a compensation adviser. The Committee may select, or receive advice from, any compensation adviser it prefers, including ones that are not independent, after considering the six independence factors outlined above.

Committee Authority and Responsibilities

"The Committee will make regular reports to the Board and will propose any necessary action to the Board. The Committee will review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.

The Committee will conduct and present to the Board an annual performance evaluation of the

Committee." The Committee shall have the following specific authority and responsibilities:

- To assist the Board in developing and evaluating potential candidates for executive officer positions, including the Chief Executive Officer.
- To review and recommend to the Board for approval on an annual basis the corporate goals and objectives with respect to compensation for the Chief Executive Officer. The Committee shall evaluate at least once a year the Chief Executive Officer's performance in light of these established goals and objectives and based upon these evaluations shall recommend to the Board for approval the Chief Executive Officer's annual compensation, including salary, bonus, incentive and equity compensation. The chief executive may not be present during voting or deliberations on his or her compensation.
- To provide strategic review of the company's human resources strategies and initiatives to ensure the company is seeking, developing and retaining human capital appropriate to the company's needs"
- To review and approve the evaluation process and compensation structure for the Company's officers. The Committee shall evaluate annually the performance of the Company's executive officers and shall approve the annual compensation, including salary, bonus, incentive and equity compensation, for such executive officers. The Committee shall also oversee management's decisions concerning the performance and compensation of other Company officers.
- To review the Company's compensation plans including salary administration plans, cash incentive compensation plans, and stock-based compensation plans to ensure that those compensation plans support organizational objectives and shareholder interests, and to ensure that senior management, particularly, is rewarded appropriately for its contributions to Company growth and profitability, taking into account the compensation practices in the market where the Company competes for senior management personnel. Recommend changes in such plans to the Board as needed.
- To assure that the Company's compensation plans including salary administration plans, cash incentive compensation plans, and stock-based compensation plans are administered in a manner consistent with the terms of those compensation plans as to participation, target annual cash and stock-based incentive awards, corporate financial goals, and actual awards paid to senior management under the compensation plans. The Committee shall have and shall exercise all the authority of the Board of Directors with respect to the administration of such plans.
- To prepare an annual executive compensation report for inclusion in the Company's proxy statement including the factors and criteria on which the Chief Executive Officer's compensation for the last year was based, including the relationship of the Company's performance to the Chief Executive Officer's compensation.
- To perform 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.