

CHARTER
COMPENSATION COMMITTEE

PURPOSE

To oversee and recommend to the Board of Directors for approval the Corporation's basic compensation policies and objectives.

I. COMPENSATION

This Committee's goals and responsibilities with respect to compensation shall be:

- a. Reviewing for reasonableness and making recommendations to the full Board for determination of all salary adjustments and bonuses for elected officers and all other material matters relating to the compensation of elected officers. This Committee may participate in the process of establishing goals for and evaluating the performance of the Chief Executive Officer and other officers of the Corporation.
- b. Determining in executive session, with the Chief Executive Officer being absent during voting and deliberations, any recommendations to the whole Board as to the Chief Executive Officer's compensation.
- c. Recommending to the whole Board for approval, all newly elected officers' salary and employment conditions.
- d. At periodic intervals (but at least annually), comparing the competitive position of the Corporation's salaries, bonuses and employee benefits for elected officers with similar companies' compensation programs and determining what, if any, changes may be appropriate.
- e. Awarding options under the 1985 and 1998 Long-Term Incentive Plans and any other option plans and taking all other actions entrusted to the "Committee" under such plans.

II. Committee Powers.

This Committee shall have the following powers:

- a. To obtain advice and assistance from internal or external legal, accounting or other advisors and to have direct access to such advisors without the presence of any officer of the Corporation.
- b. To interview and meet with any employee of the Corporation without the presence of any officer of the Corporation.
- c. To form and delegate authority to subcommittees.
- d. Such other powers as may be necessary or appropriate to fulfill its purposes.

III. **Meetings:** This Committee shall meet at least three times a year, or more frequently as circumstances dictate. A majority of the members of this Committee shall constitute a quorum for the transaction of business. The agenda of each Committee meeting shall be established by the Chairperson with the assistance of the Corporate Secretary, the Corporation's Human Resources Department or other persons selected by the Chairperson.

IV. **Members:** This Committee will consist of at least three (3) independent directors, as determined by the Board of Directors. The Board shall affirmatively determine that each independent director has no relationship with the Corporation that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In no event shall a director be considered independent until a three-year "cooling off" period has elapsed from the end of the following relationships:

- a. Being employed by, or having a Family Member¹ who is employed as an executive officer of the Corporation, or any parent or subsidiary of the Corporation;
- b. Having accepted payments or having a Family Member who accepted payments from the Corporation, or any parent or subsidiary of the Corporation, in excess of \$60,000, other than compensation for board or committee service; payments arising solely from investment in the Corporation's securities; compensation paid to a Family Member who is a non-executive employee of the Corporation or any parent or subsidiary of the

¹ The term "Family Member" is defined as a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.

Corporation; benefits under tax-qualified retirement plans, or nondiscretionary compensation; or loans permitted under Section 13(k) of the Exchange Act;

- c. Being a partner, or having a Family Member who is a partner, of the Corporation's outside auditor, or had been a partner or employee of such outside auditor who worked on the Corporation's audit;
- d. Being a part of an interlocking directorate in which an executive officer of the Corporation served on the compensation committee of another company that concurrently employed the director, or a Family Member of the director, as an executive officer;
- e. Being an executive officer, partner or controlling shareholder, or having a Family Member who is any of the foregoing, of an organization (including not-for-profit entities) to which the Corporation made, or from which the Corporation received, payments that exceed the greater of 5% of the recipient's gross revenues for that year or \$200,000, other than payments arising solely from investments in the Corporation's securities or payments under non-discretionary charitable contribution matching programs. See NASDAQ Rule 4200(a)(15).

Notwithstanding the foregoing, a director who is not independent and is not an employee of the Corporation may serve on the Committee if the Board (under exceptional and limited circumstances) determines that it is in the best interests of the Corporation and its shareholders and the Board discloses such relationship and the reason for the determination in its next annual proxy statement.