

## **BOARD OF DIRECTORS**

### **Compensation Committee**

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#### **MEMBERSHIP**

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The Committee will consist of no fewer than three directors.

Qualifications of members: The Committee will be comprised entirely of independent directors.

Appointment and removal of members: By the Board of Directors, considering the recommendation of the Corporate Governance Committee.

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#### **PURPOSE OF THE COMMITTEE**

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The Committee (1) reviews and approves the strategy and design of the Company's compensation systems, (2) makes recommendations to the Board of Directors with respect to incentive compensation and equity-based plans, (3) approves awards of base and incentive compensation and grants under the Company's equity-based plans to ensure alignment with the Company's objectives and (4) monitors the financial effect on the Company.

The Compensation Committee discharges the Board's responsibilities relating to compensation of the Company's executive officers and evaluates and recommends to the Board appropriate compensation for Company non-employee Directors. The Committee has sole authority from the Board of Directors for the appointment, compensation and oversight of the Compensation Committee's independent consultants.

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#### **GOALS AND RESPONSIBILITIES**

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To carry out its responsibilities, the Committee will:

1. Regularly review and approve the compensation philosophy, strategy and programs of the Company to ensure they are aligned with both Company objectives and market forces and are effective to allow the Company to attract and retain the talent necessary for the Company to fulfill its goals.
2. Recommend, for the Board of Directors approval, incentive compensation and equity-based plans. As necessary, recommend plans for shareholder approval.
3. Select a peer group of companies against which to compare the Company's compensation programs and practices for executive officers.
4. Review and approve levels of base pay, incentive compensation, benefits, and perquisites for executive officer positions.
5. Annually review the Company's compensation policies and practices to determine whether such policies and practices are reasonably likely to have a material adverse effect on the Company.
6. Approve, and periodically review the terms of any employment contract with an executive officer, and any severance agreement or change of control agreements for officers and any groups of employees.
7. Act as the Administrator of the Company's incentive and equity plans and approve or recommend to the Board of Directors, as appropriate, amendments to, and interpretations of, plans or provisions.
8. Review and approve recommendations made by the CEO to amend or terminate the Company's benefit plans governed by ERISA.
9. Review and monitor the financial effect on the Company of its compensation plans.
10. Review and recommend to the Board the corporate goals and objectives relevant to CEO compensation, evaluate the CEO's compensation in light of performance against those goals and objectives, and recommend to the Board the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years and such other factors as the Committee deems in the best interest of the shareholders.

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**GOALS AND RESPONSIBILITIES** – *continued*

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11. Approve changes in base pay and bonus targets for executive officers.
12. Annually, determine the measures, goals, payout matrices or formulae required for funding or issuance of equity under any short-term incentive plan or long-term performance share plan adopted by this Committee or the Board of Directors from time to time.
13. Annually, review the Company's performance and the performance of its businesses and determine the funding available to the businesses and functions or the equity to be issued under any short-term incentive plan or long-term performance share plan based on such performance.
14. In its sole discretion, grant all awards of stock, stock options, stock appreciation rights, restricted stock units and performance shares.
15. Establish stock ownership requirements for executive officers and monitor compliance.
16. Review and recommend to the Board stock ownership requirements for Directors and monitor compliance.
17. Review and discuss with management the Company's annual Compensation Discussion and Analysis of executive compensation and recommend to the Board of Directors whether, based on such review and discussion, the Compensation discussion and Analysis should be included in the Company's proxy statement for its annual meeting of shareholders and incorporated by reference into the Company's Annual Report on Form 10-K.
18. Approve the Compensation Committee report on executive compensation to be included in the Company's annual proxy statement.
19. As appropriate and in the sole discretion of the Committee, retain advisors to assist in the evaluation of director, CEO or senior executive compensation and other Committee responsibilities after taking into consideration all factors relevant to advisor independence including the factors set out in the New York Stock Exchange rules; and approve the advisor's fees and other retention terms; and periodically review the effectiveness of such advisors.
20. Annually determine the independence of the Committee's compensation consultant according to the standards set from time to time by The New York Stock Exchange and whether the consultant's work raised any conflicts of interest.
21. Determine requirements and qualifications for Committee membership, including the need for member independence, and the process for appointing and removing Committee members.
22. Recommend to the Board of Directors the compensation philosophy, strategy, programs and plans regarding the Company's compensation of non-employee Directors in accordance with principles regarding Director compensation established by the Board of Directors and the Company's corporate governance guidelines.
23. Provide the Board of Directors an annual performance evaluation of the Committee, including a review of the adequacy of the Committee's charter and recommend any proposed changes to the Board of Directors for approval.

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**STRUCTURE AND OPERATIONS**

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The Board of Directors will appoint the chair of the Committee.

The Committee will meet at such times as it determines to be necessary or appropriate, but no fewer than three times per year.

The Committee will meet regularly in executive session without management in attendance.

The Committee will report to the Board of Directors with regard to any actions taken.

A representative of management will function as Committee support and be a liaison with management. The role of the management liaison will be to:

1. Work with Committee Chair and the CEO to establish an agenda for each meeting.
2. Prepare briefing and pre-meeting reading materials for Committee members.
3. Arrange for appropriate persons to present agenda items at Committee meetings or to be present for discussions with the Committee.