

Compensation Committee Charter

Purpose

The role of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") is to evaluate and approve compensation plans, policies and programs of the Company applicable primarily to the Company's executive officers, which includes all officers of the Company subject to Section 16 of the Securities Exchange Act of 1934, as amended, and such other members as the Committee may designate from time to time.

Decisions of the Committee relating to the executive officers' base salaries and cash bonuses are subject to the review and approval of the full Board of Directors. Decisions of the Committee relating to the executive officers' stock compensation are reviewed by the full Board but are not subject to the Board's approval.

Executive Compensation Policies

The Company's executive compensation policies seek to coordinate executive officers' compensation with the Company's performance objectives and business strategy. These policies are intended to attract, motivate and retain executive officers whose contributions are critical to the Company's long-term success and to reward executive officers for attaining individual and Company objectives that enhance stockholder value.

The Company's compensation program for executive officers consists of cash compensation and stock compensation. Cash compensation is paid in the form of a base salary and a discretionary cash bonus, and stock compensation ("stock awards") is paid in the form of stock options, restricted stock, or other equity-based award. Bonuses are intended to provide executive officers with an opportunity to earn additional cash compensation through individual and collective performance. Stock awards are intended to focus executive officers on managing the Company's business from the perspective of owners with an equity interest and to align their stock compensation with the benefits realized by our stockholders.

Membership

The Committee shall be composed of three or more directors, as the Board of Directors determines. Each member of the Committee shall be appointed annually by the Board upon the recommendation of the Nominating and Governance Committee. Each member of the Committee may resign at any time and may be removed by the Board at any time in the Board's discretion. In addition, a Committee member automatically will cease to be a member upon ceasing to be a director.

Each member of the Committee shall meet (i) the independence requirements of the listing standards of the Nasdaq National Market, Inc. (except as otherwise may be allowed by those rules in exceptional circumstances), and (ii) the "non-employee director" definition for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

Compensation Philosophy.

In consultation with management and the Committee's independent consultant, the Committee shall establish the Company's general compensation philosophy, and oversee the development and implementation of executive compensation programs. The Committee shall review, on a periodic basis, the Company's executive compensation programs and make any modifications that the Committee may deem necessary or advisable. The Committee shall regularly consult and seek the Board's input regarding major changes to the Company's compensation philosophy or program.

Responsibilities

On an annual basis, the Committee shall:

- review the respective salaries of the Company's executive officers in light of the Company's goals and objectives relevant to each officer, including, as the Committee deems appropriate, consideration of (i) the individual officer's position, scope of responsibilities and level of experience, (ii) the rate of inflation, (iii) the range of salary increases for the Company's employees generally, and (iv) the salaries paid to comparable officers in comparable companies.
- determine appropriate cash bonuses, if any, for the Company's executive officers (based upon an applicable percentage of base salary as determined by the Committee), after consideration of specific individual and Company performance goals and criteria.
- recommend to the Board of Directors for its approval the annual base salaries and discretionary cash bonuses, if any, for the Company's executive officers.
- grant stock awards under the Company's stock plan to the Company's executive officers and determine the terms, conditions, restrictions and limitations of the awards granted. In this regard, the number of shares of stock for which awards are granted shall be based on, as the Committee deems appropriate, each officer's position and the Company's financial performance, the Committee's assessment of the individual officer's performance, initiative, contribution to the Company's success and total compensation package.
- review the executive compensation disclosure to be included in the Company's annual proxy statement and prepare a report on executive compensation for inclusion in the Company's annual proxy statement, if required.
- perform an annual risk assessment of the Company's compensation programs and determine whether any material risks associated with the Company's executive and broad-based compensation plans are appropriately mitigated.
- review and assess the adequacy of the Committee's charter and recommend any proposed changes to the Board of Directors for approval.
- review and recommend to the Board of Directors (and stockholders if necessary or appropriate) for approval the establishment of or material change in any incentive, pension or profit-sharing or equity compensation plan; and review and approve other modifications to such plans; and review the equitable design of employee compensation programs.
- review and recommend to the Board of Directors for approval all employment agreements, severance agreements, retention agreements and change in control agreements, and any other special or supplemental benefits with respect to the CEO and the other executive officers.
- conduct, at least annually, a review of the performance of the Committee and report to the entire Board the findings of such review.
- administer the Company's stock awards in which its executive officers are eligible to participate, insofar as the executive officers are concerned.
- administer the Company's stock awards in which its employees are eligible to participate, insofar as the employees are concerned, in accordance with any equity compensation plan naming the Committee as administrator.
- review the holdings of the Company's directors and executive officers and their affiliates of securities issued by the Company.

To the extent that any of the above responsibilities involve the compensation of the CEO, the CEO shall not be present during any voting or deliberations of the Committee in respect thereof.

With respect to these responsibilities, and to minimize administrative burdens, the Committee will work with management to define adequate thresholds below which approval for some of these activities and associated transactions can be delegated to management without direct Committee involvement; provided, however, that no member of management shall be delegated authority over his or her own compensation (other than with respect to benefit plans in which such member of management participates on the same basis as other employees generally).

Procedures

The Committee shall meet as necessary, and at least annually, at the call of the chairman or any two members of the Committee. Two members of the Committee shall constitute a quorum, and all actions of the Committee at a meeting at which a quorum is present shall be taken by majority vote. A member of the Committee may participate in any meeting of the Committee by a conference telephone call or other means that enable all persons participating in the meeting to hear one another (“electronic meetings”), and participation in this manner shall constitute presence in person at the meeting. Such notice of electronic meetings shall be given at least twenty-four (24) hours prior to the time of such meetings. Notice of meetings to be held in person shall be given at least twenty-one (21) days prior to such meetings. The Committee shall meet in executive session at least annually. The Committee also may act by the unanimous written consent of its members. The Committee shall make regular reports of its proceedings to the Board of Directors.

The members of the Committee shall elect a chairman, and the chairman shall appoint a secretary of the Committee, who may be one of the members of the Committee or the secretary, an assistant secretary or legal counsel of the Company. The secretary of the Committee shall prepare minutes of the meetings, maintain custody of copies of reports, information and data furnished to and used by the Committee, and generally assist the Committee in connection with preparation of agendas, notices of meetings and other matters.

Outside Consultants

In discharging its responsibilities, the Committee shall have the following specific responsibilities and authority regarding outside consultants:

- the Committee shall have the power to obtain, as the Committee deems necessary or appropriate, advice and assistance from legal, compensation, accounting or other advisors and to approve the advisors’ fees and other terms of engagement or retention.
- The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the Committee.
- The Committee shall arrange with the Company for the provision by the Company of appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee.

The Committee may retain and terminate any compensation consultant to be used to assist the evaluation of the compensation of the directors, CEO or executive officers of the Company, including the sole authority to select the consultant and to approve the firm’s fees and other retention terms. Prior to selecting, or receiving advice from, a committee consultant, the Committee will take into consideration the independence factors specified in Rule 10C-1(b)(4) under the Exchange Act, and NASDAQ Listing Rule 5605(d)(3)(D). In addition, the Committee shall evaluate whether any Committee adviser retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.