# Deaconess Health System, Inc.

## COMPENSATION COMMITTEE CHARTER

#### **Purpose**

The Compensation Committee ("Committee") is appointed by the Board of Directors of Deaconess Health System, Inc. (DHS) to approve the system's executive compensation and benefit programs and to ensure the competitiveness of these programs in order to retain and attract high quality executives dedicated to the mission of the system.

The Committee is responsible for the oversight of physician contracts and related benefit programs. The Committee is also responsible for any recommendations relative towards director compensation.

## **Committee Membership**

The Committee shall consist of no fewer than three Board members. The members of the Committee shall meet the independence requirements as established by the SEC. The Committee may have membership of individuals who do not serve on the System Board if it is determined that their expertise is beneficial to the overall responsibility of the Committee.

The members of the Committee shall be appointed by the Board on the recommendation of the Corporate Governance Committee. Committee members may be replaced by the Board.

The Committee Chairman shall (a) chair meetings of the Compensation Committee; (b) set the frequency and length of the meeting(s) and the agenda items to be addressed at each meeting; and (c) perform such other activities as from time to time are requested by the other directors or as circumstances indicate.

### **Committee Authority and Responsibilities**

The Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities:

- 1. The Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, coordinate the evaluation of the CEO's performance with the System Board Chairman in light of those goals and objectives, and approve the CEO's compensation level based on this evaluation. In determining the incentive component of CEO compensation, the Committee will consider the System's performance and the value of similar incentive rewards to CEOs at comparable companies and the awards given to the CEO in past years.
  - 2. The Committee shall annually review and approve and recommend to the Board of Directors for its final approval for the CEO and each other executive officer of the System all elements of executive compensation, including but not limited to (a) the

annual base salary level; (b) the annual incentive opportunity level; (c) the long-term incentive opportunity level; (d) employment agreements, severance agreements and change in control agreements/provisions, in each case as, when and if appropriate; and (e) any special or supplemental benefits.

- 3. The Committee shall also monitor broadly the structure, philosophy or competitiveness of the system's general hiring or compensation practices, oversee the establishment and administration of the Company's broad-based benefits plans and programs, and review or approve significant amendments or changes to the plans and programs.
- 4. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or executive officer compensation and shall have the sole authority to approve the consultant's fees and other retention terms. The Committee shall also have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
- 5. The Committee will be responsible for the approval of all Physician and Physician-related contracts.
- 6. The Committee shall make regular reports to the Board.
- The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Corporate Governance Committee for its approval.
- 8. The Committee shall annually review its own performance and present the evaluation findings to the Board.
- 9. The Committee may form and delegate authority to subcommittees, when appropriate.
- 10. The Committee shall have the flexibility of delegating authority to management to administer the compensation and benefits programs, including the authority to interpret the plans in individual cases, when appropriate.
- 11. The Committee shall perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time.