



## PRESIDENTIAL LIFE CORPORATION

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### CHARTER FOR THE COMPENSATION COMMITTEE

#### **I. Purpose of the Committee**

The purposes of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Presidential Life Corporation (the "Company") shall be to oversee the Company's compensation and employee benefit plans and practices, including its executive, director, incentive and equity-based compensation plans and to produce any report on executive compensation required by any applicable rules and regulations.

This Charter is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Certificate of Incorporation and Bylaws, it is not intended to establish by its own force any legally binding obligations.

#### **II. Composition of the Committee**

The Committee shall be comprised of three or more directors each of whom, in the business judgment of the Board, qualifies as an independent director ("Independent Director") under the listing standards of the National Association of Securities Dealers' Nasdaq Stock Market ("Nasdaq"). At least two members of the Committee shall also qualify as "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended and as "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. The members of the Committee will be appointed by and serve at the pleasure of the Board.

Vacancies on the Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy or by written consent of the Board. No member of the Committee shall be removed except by majority vote of the Board.

### **III. Meetings and Procedures of the Committee**

The Committee may fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter. The Committee shall meet at least two times annually or more frequently as circumstances or such rules of procedure as it may adopt require. The Board may designate one member of the Committee as its Chairperson and in the absence of any such designation by the Board, the Committee shall designate by majority vote of the full Committee one member of the Committee as its Chairperson. The Chairperson of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The Company's Chief Executive Officer ("CEO") shall not attend the portion of any meeting where the CEO's performance or compensation is discussed, unless specifically invited by the Committee.

The Compensation Committee shall regularly report to the Board on Committee findings, recommendations and other matters the Committee deems appropriate or the Board requests. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

### **IV. Committee Responsibilities**

#### **A. Executive Compensation**

The Committee shall have the following authorities and responsibilities with respect to the Company's executive compensation plans:

- a. To review the goals and objectives of the Company's executive compensation programs, and change, or recommend that the Board change, these goals and objectives if the Committee deems it appropriate.
- b. To review the Company's executive compensation plans in light of the Company's goals and objectives with respect to such plans, and, if the Committee deems it appropriate, adopt, or recommend to the Board, the adoption of, new, or the amendment of existing, executive compensation plans, subject, in the case of any equity-based plan, to shareholder approval as may be required by applicable rules and regulations.

- c. To evaluate annually the performance of the CEO, and to set his or her compensation level based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider all factors it deems relevant and appropriate, including, but not limited to, the performance and desired future performance of the CEO, the Company's performance and relative stockholder return, the value of similar awards to chief executive officers of comparable companies, and the awards given to the CEO of the Company in past years.
- d. To evaluate annually the performance of the other executive officers of the Company, and to approve the compensation level of each based on this evaluation. To the extent that long-term incentive compensation is a component of any such executive officer's compensation, the Committee shall consider all factors it deems relevant and appropriate in determining the appropriate level of such compensation, including, but not limited to, the factors applicable with respect to the CEO.
- e. To review and approve any employment, severance or termination arrangements to be made with any current or former executive officer of the Company.
- f. To perform such duties and responsibilities as may be assigned to the Committee or to the Board (to the extent such duties and responsibilities have been delegated by the Board to the Committee) under the terms of any executive compensation plan.
- g. To review material perquisites or other personal benefits to the Company's executive officers and recommend any changes therein to the Board.
- h. To produce any report on executive compensation required by applicable rules and regulations, including the Compensation Committee Report for inclusion in the Company's proxy statement in accordance with applicable SEC rules and regulations.

**B. Incentive and Equity-Based Compensation Plans**

The Committee shall have the following responsibilities with respect to the Company's incentive and equity-based compensation plans:

- a. To review the goals and objectives of the Company's incentive-compensation and equity-based plans, and change, or recommend that the Board change, these goals and objectives if the Committee deems it appropriate.
- b. To review the Company's incentive and equity-based compensation plans in light of the goals and objectives of these plans, and amend, or

recommend that the Board amend, these plans if the Committee deems it appropriate, subject, in the case of any equity-based plan, to stockholder approval as may be required by applicable rules and regulations.

- c. To review any new equity-based plans and to approve, or recommend the board approve, such plans, subject to stockholder approval as may be required by applicable rules and regulations.
- d. To establish criteria for the granting of options and other equity grants to the Company's officers and other employees and approve the granting of options and other equity grants in accordance with such criteria.
- e. To establish performance goals and certify that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code, as and when required.
- f. To perform such duties and responsibilities as may be assigned to the Committee or to the Board (to the extent such duties and responsibilities have been delegated by the Board to the Committee) or the Committee under the terms of any incentive or equity-based compensation plan.

#### C. Other Compensation and Employee Benefit Plans

- a. To review the goals and objectives of the Company's general compensation plans and other employee benefit plans, and change, or recommend that the Board change these goals and objectives if the Committee deems it appropriate.
- b. To review the Company's general compensation plans and other employee benefit plans in light of the goals and objectives of these plans, and amend, or recommend that the Board amend, these plans if the Committee deems it appropriate.
- c. To evaluate the appropriate level and types of compensation for Board and Committee service by non-employee members of the Board and to recommend changes therein to the Board.
- d. To perform such duties and responsibilities as may be assigned to the Committee or to the Board (to the extent such duties and responsibilities have been delegated by the Board to the Committee) under the terms of its general compensation plans and other employee benefit plans.

#### D. Other

To perform any other activities consistent with this Charter, the Company's By-laws and governing law as the Committee or the Board deem appropriate.

## **V. Evaluation of the Committee**

The Committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall deliver to the Board a report, orally or in writing, setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

## **VI. Delegation of Authority**

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

The Committee may also delegate, to one or more officers of the Company or committees of the board of directors of the Company's subsidiary, Presidential Life Insurance Company, certain of its powers specified in the Company's 2006 Stock Incentive Plan to the extent permitted by Section 157(c) of the Delaware General Corporation Law and any other applicable law.

## **VII. Investigations and Studies; Outside Advisers**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary and may rely on the integrity and advice of any such counsel or other advisers. The Committee shall have the sole authority to retain a compensation consultant to assist the Committee in carrying out its responsibilities, including sole authority to approve the consultant's fees and other retention terms, such fees to be borne by the Company, and to terminate any such consultant.