

## **APAC CUSTOMER SERVICES, INC. COMPENSATION COMMITTEE CHARTER**

### **Purposes**

The purposes of the Compensation Committee of the Board of Directors of APAC Customer Services, Inc. are to (a) assist the Board of Directors in fulfilling its overall responsibilities with respect to (i) evaluation and compensation of the Company's Chief Executive Officer ("CEO"); (ii) appointment of officers, (iii) establishment of salaries, incentives and other forms of compensation for officers, directors and exempt employees and (iv) establishment and governance of equity compensation and retirement plans provided to employees of the Company; and (b) review and discuss the Compensation Discussion and Analysis section of the Company's annual Proxy Statement and recommend its inclusion therein .

For purposes of this Charter, (i) "retirement plans" shall mean all pension, excess pension, savings and deferred compensation plans and any other plan which is designed to provide benefits to Company employees upon retirement and (ii) "executive compensation" shall mean any compensation paid to any officer-level employee of the Company or any benefit plan in which only officer-level employees are eligible to participate.

### **Composition of the Committee**

**Number.** The Board of Directors shall determine the size of the Committee, but it must consist of no fewer than three members.

**Qualifications.** Each Committee member shall meet the independence criteria of the rules of the NASDAQ Market Rules ("NASDAQ"), as such requirements are interpreted by the Board of Directors in its business judgment, and the Company's By-laws, and shall be free of any relationship that, in the opinion of the Board of Directors, may interfere with his or her exercise of independent judgment as a Committee member. Desirable qualifications for Committee members include experience in business management, executive compensation, employee benefits, and human resources.

**Appointment.** The Board of Directors will appoint the members and the Chairman of the Committee based on recommendations made by the Company's Nominating and Corporate Governance Committee. Committee members shall serve at the pleasure of the Board of Directors and for such term or terms as the Board of Directors may determine.

### **Duties and Responsibilities of the Committee**

The Committee is responsible for overseeing the planning, design and implementation of the Company's overall compensation and benefits strategies, including with respect to salaries, retirement plans, incentive compensation plans, equity compensation plans and director compensation, in each case taking into account the Company's compensation philosophies and objectives, appropriate industry benchmarks and the compensation policies followed by similarly-situated companies.

The Committee shall have the following specific responsibilities:

Responsibilities Relating to the Company's Compensation Philosophy

- 1) Develop (in conjunction with management) a compensation philosophy to be observed in all aspects of the planning, design and implementation of the Company's executive compensation and benefits plans. Periodically review and discuss the compensation philosophy to ensure that it supports the appropriate compensation objectives and is aligned with industry standards and benchmarking data.
- 2) Periodically review management reports which identify major compensation and benefit objectives for executive compensation and assess the Company's posture relative to these objectives.
- 3) Review and discuss other matters that relate to the Company's compensation and benefits strategies for executive compensation as the Committee may, in its own discretion, deem desirable.

Responsibilities Relating to Retirement Plans

- 4) Periodically review and discuss the Company's existing retirement plans and based on such review and discussion, approve significant changes to such retirement plans and take such actions in respect to such retirement plans as the Committee deems appropriate. Evaluate, and make recommendations to the Board of Directors with respect to the approval and adoption of, new significant retirement plans. Significant new retirement plans and significant changes to existing retirement plans are defined as those with an incremental cost to the Company of at least \$1 million annually.

Responsibilities Relating to Non-Equity Incentive Compensation Plans

- 5) Periodically review and discuss the Company's annual non-equity incentive compensation plan, and based on such review and discussion, approve changes to such annual non-equity incentive compensation plan and take such actions in respect to such annual non-equity incentive compensation plan as the Committee deems appropriate. Evaluate, and make recommendations to the Board of Directors with respect to the approval and adoption of, new non-equity incentive compensation plans. Such new non-equity incentive compensation plans or changes to existing non-equity incentive compensation plans shall be designed to reinforce the Company's key business objectives and "pay for performance" philosophy.
- 6) Review and approve total amounts awarded and paid out under non-equity incentive compensation plans or arrangements that require Committee approval to ensure that the integrity of such plan is maintained and that non-equity incentive compensation is awarded and paid on a systematic and equitable basis. Approve awards and payouts under non-equity incentive compensation plans for each officer of the Company and

make recommendations to the Board of Directors with respect to payouts for any Company employee that serves on the Board of Directors (an “Employee Director”).

#### Responsibilities Relating to Equity Compensation Plans

- 7) Periodically review and discuss the Company’s existing equity compensation plans, and based on such review and discussion, approve changes to such equity compensation plans (other than changes that would require shareholder approval) and take such actions in respect to such equity compensation plans as the Committee deems appropriate, all as permitted by the terms of the equity compensation plan. Evaluate, and make recommendations to the Board of Directors with respect to the approval and adoption of, new equity compensation plans as well as changes to existing equity compensation plans that would require shareholder approval.
- 8) Review and approve the administration of the Company’s equity compensation plans and other plans adopted by the Board of Directors that contemplate administration by the Committee. With respect to any such equity compensation plans, the Committee shall interpret the terms and provisions of the equity compensation plans and render decisions on any material matter relating thereto, and shall exercise all rights, powers and authority reserved to, and perform all duties placed upon, the Committee under the provisions of the equity compensation plans.
- 9) Review and approve all equity awards, and review and make recommendations to the Board of Directors with respect to equity awards to Employee Directors, to ensure that the integrity of the plan is maintained and that the awards are equitable and consistent.

#### Responsibilities Relating to CEO Evaluation and Compensation

- 10) Review and approve (in conjunction with the Corporate Governance and Nominating Committee) the corporate goals and objectives relevant to the compensation of the CEO.
- 11) Evaluate (in conjunction with all independent directors) the CEO’s performance in light of the goals and objectives set by the Committee.
- 12) Based on the Committee’s evaluation of the CEO’s performance and the Committee’s review of other data including benchmarking data and consultant recommendations, and consideration of other factors including strategic initiatives and Company performance, recommend to the independent directors of the Board of Directors, the compensation of the CEO.

#### Responsibilities Relating to Salaries and Other Compensation

- 13) Review, discuss and approve salary and other compensation actions for direct reports to the CEO and other positions as designated by the

Committee from time to time. Recommend to the independent directors of the Board of Directors salary and other compensation actions for Employee Directors.

- 14) Review, discuss and approve any new or existing executive compensation or benefit plans.
- 15) Periodically review and discuss the compensation and benefits of non-employee Directors and make recommendations to the Board of Directors with respect thereto.

#### Responsibilities Relating to the Appointment of Officers

- 16) Approve the appointment of all new officers of the Company and recommend to the Board of Directors the appointment of all officers of the Company at the senior vice president level and above.

#### Other Responsibilities

- 17) Review, discuss and approve annual salary range and merit increase policy recommendations for exempt employees.
- 18) Review, discuss and approve all new and amended executive severance plans and review, discuss and approve all new and amended employment and severance agreements or arrangements with direct reports to the CEO and other positions as designated by the Committee from time to time. With respect to officers whose salary and other compensation actions would require approval of the Board of Directors, make recommendations to the Board of Directors with respect to any new and amended employment and severance agreements or arrangements.
- 19) Report its activities regularly to the Board of Directors in such manner and at such times as the Committee and/or the Board of Directors deem appropriate.
- 20) Consult with the Nominating and Corporate Governance Committee with respect to executive development and succession planning.

#### **Meetings of the Committee**

The Committee shall meet at least four times per year. The Chair of the Committee shall, in consultation with the other members of the Committee and appropriate officers of the Company, be responsible for calling meetings of the Committee, establishing the agenda therefor and supervising the conduct thereof. The Committee may also take any action permitted hereunder by unanimous written consent.

The Committee may request any officer or employee of the Company, or the Company's outside legal counsel, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Any individual whose compensation is to be discussed at a Committee meeting should not attend that part of such meeting where his or her compensation is to be discussed unless specifically invited by the

Committee. Any Committee member may be excused from a meeting to permit the remaining members of the Committee to act on any matter in which such member's participation is not appropriate, and such member's absence shall not destroy the quorum for the meeting.

### **Resources and Authority of the Committee**

The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to retain compensation consultants, outside legal counsel and other advisors as the Committee deems necessary to carry out its duties.

The Company will provide for appropriate funding, as determined by the Committee, for payment of compensation to compensation consultants, outside legal counsel and any other advisors retained by the Committee.

### **Compensation Committee Report**

The Committee will prepare, with the assistance of management and legal counsel, the required Compensation Committee report for inclusion in the Company's Proxy Statement relating to the Company's annual meeting of shareholders.

### **Periodic Review of Charter**

The Committee will conduct and review with the Board of Directors periodically an evaluation of this Charter and recommend any changes to the Board of Directors. The Committee may conduct this Charter evaluation in such manner as the Committee, in its business judgment, deems appropriate.

### **Periodic Performance Evaluation**

On an annual basis, the Committee will conduct and review with the Board of Directors an evaluation of the Committee's performance with respect to the requirements of this Charter. The Committee may conduct this performance evaluation in such manner as the Committee, in its business judgment, deems appropriate.

Adopted: June 3, 2009