



# Community Partners Bancorp

## COMPENSATION COMMITTEE CHARTER

### PURPOSE

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Community Partners Bancorp (the "Company") is appointed by the Board to discharge the Board's responsibilities relating to compensation of the Company's directors and officers. The Committee has overall responsibility for approving and evaluating the director and officer compensation plans, policies and programs of the Company.

The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement.

### COMMITTEE MEMBERSHIP

The Committee shall consist of no fewer than three members. The members of the Committee shall meet Nasdaq independence requirements.

The members of the Committee shall be appointed by the Board, which shall also designate one person as chairman. Committee members may be replaced by the Board.

### COMMITTEE AUTHORITY AND RESPONSIBILITIES

1. 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 senior executive compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
2. The Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation levels 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.
3. Establish and administer the Company's incentive compensation program for key executive and management employees, to include:
  - a. After reviewing the recommendations of the CEO, determine the participants in the Company's incentive compensation plan for key executive and management employees, target bonus levels and forms of incentive compensation payments under the Company's plan(s).
  - b. After reviewing operating results and individual performance and the recommendations of the CEO, make incentive compensation payments and awards under the Company's plan(s).
  - c. After reviewing the recommendations of the CEO, grant stock options and other awards under the Company's plan(s) and set procedures for administering the such plan(s).
4. In conjunction with the CEO, review the executive organization of the Company and oversee the succession planning process, including the development of personnel to fill key executive and management positions and the implementation of succession planning for senior executive and management positions.
5. Review and approve employee benefits plans, including group health and other insurance plans, profit sharing and pension plans, and other employee benefit plans.
6. Review and approve executive perquisite programs.
7. In connection with any proposed acquisitions, review and approve compensation and benefit arrangements for directors and senior executives of the acquired company.
8. Review and recommend to the Board for approval the compensation arrangements of non-employee members of the Board.

9. The Committee may, when appropriate, delegate authority to one or more members or to one or more subcommittees established by the Committee.

## **OPERATING PROCEDURES**

The operating procedures for the Committee with respect to meetings, notice of meetings, quorums and records shall be the same as stipulated for the Board set forth in the Company's By-laws.

## **ACCOUNTABILITY**

At each of the regular meeting of the Board, the Committee shall report to the Board all actions the Committee has taken since the Board's most recent prior meeting.

The Committee shall annually review the Committee's own performance.