



HOMELAND SECURITY CAPITAL CORPORATION

COMPENSATION COMMITTEE CHARTER

Purpose

The function of the Committee (the “Committee”) is to review and approve corporate goals and objectives relating to executive compensation, to carry out various responsibilities relating to executive compensation and to assist in the production of the report on executive compensation for inclusion in the Company’s annual proxy statement or annual report on Form 10-K.

Composition

The Committee shall consist of two or more directors, each of whom is determined by the directors to be “independent” in accordance with the requirements of the Marketplace Rules of the Nasdaq Global Market. Additionally, no director may serve unless that director (1) is a “non-employee director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (2) satisfies the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code.

Appointment and Removal

The members of the Committee shall be appointed and serve until their resignation, retirement or removal, or the due appointment and qualification of their successors.

Chairman

Unless a Chairman is elected by the Board of Directors of the Company (“Board”), the members of the Committee shall designate a Chairman by majority vote of the full Committee membership. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

Meetings

The Committee shall meet as frequently as circumstances dictate. The Chairman of the Committee or any member of the Committee may call meetings of the Committee. The Committee may invite to its meetings any director, member of management of the Company, and such other persons as it deems appropriate in order to carry out its responsibilities. A majority of the members of the Committee will constitute a quorum. The Committee will keep written minutes of its meetings and such minutes will be maintained with the books and records of the Company. The Committee will report on its meetings to the Board.

Duties and Responsibilities

The Committee shall have the following duties and responsibilities:

- Review and approve on an annual basis the corporate goals and objectives relevant to the compensation of the chief executive officer of the Company (“CEO”), evaluate the CEO’s performance in light of these goals and objectives, and, either as a Committee or together with other independent directors (as directed by the Board), determine and approve the CEO’s compensation based on this evaluation (including salary, bonus, incentive and equity compensation).
- Review and approve (in conjunction with management) on an annual basis the corporate goals and objectives relevant to the compensation of the other officers of the Company (“Other Officers”), and, either as a Committee or together with other independent directors (as directed by the Board), determine and approve the Other Officers’ compensation based on this evaluation (including salary, bonus, incentive and equity compensation). With respect to the review and assessment of the compensation of the Chief Financial Officer and similarly situated officers, the evaluation shall be done jointly with the Company’s Audit Committee.
- Review, adopt, amend or take any other authorized action related to, and as provided in, the Company’s incentive compensation and bonus plans and stock-related plans, including without limitation (a) approving option and restricted stock guidelines and general size of overall awards, (b) approving awards, (c) interpreting the plans, (d) determining rules and regulations relating to the plans, (e) modifying or canceling existing awards, (f) designating employees eligible to participate in the plans, (g) appointing and reviewing the performance of one or more administrators for the plans and (h) imposing limitations, restrictions and conditions upon awards.
- Review director compensation levels and practices, and recommend, from time to time, changes in such compensation levels and practices to the Board.
- Review the Company’s compensation, incentive compensation and equity-based plans and recommend changes in such plans to the Board as needed.
- Assist in the preparation of an annual executive compensation report to be included in the Company’s proxy statement or annual report on Form 10K.
- Perform any other activities consistent with this Charter, the Company’s Bylaws and governing law as the Committee or the Board deem appropriate.

Advisors

The Committee shall have the authority to retain such compensation consultants, outside counsel and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and other retention terms.

Reports and Performance Review

The Committee shall report its actions and any recommendations to the Board when requested and shall conduct and present to the Board an annual performance evaluation of the Committee. The Committee shall review at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval.

Disclosure of Charter

This Charter will be made available in accordance with applicable rules and regulations, including posting on the Company's website.

Adopted by Resolution of the Board of Directors