



ALEGENT HEALTH COMPENSATION COMMITTEE CHARTER

I. STATEMENT OF PURPOSE

The Alegent Health Compensation Committee (the “Committee”) shall be responsible for:

- Developing and recommending broad policies for establishing and administering the total compensation for Alegent Health executive positions;
- Recommending to the Executive Committee, for approval by the Board of Directors an executive compensation philosophy and an executive compensation program that is designed to allow Alegent Health to retain superior talent;
- Reviewing the annual performance of the Chief Executive Officer (the “CEO”) for the purpose of recommending to the Executive Committee for the upcoming year an annual base salary adjustment and incentive compensation plan for the CEO, if appropriate; and
- Reviewing and reporting to the Executive Committee the compensation ranges, incentive compensation and benefit programs for all Alegent Executive Management.

II. COMPENSATION COMMITTEE CALENDAR

- At the beginning of each calendar year the Committee shall establish a proposed annual calendar to accomplish its purposes.
- The schedule shall be furnished to the Alegent Health Board Chair (the “Board Chair”) for discussion and planning with the CEO.

III. MEMBERSHIP

- The Committee shall be comprised of the Alegent Health Board Chair, Vice Chair and Chair of the Finance and Audit Committee and optionally up to two outside individuals appointed by the Board Chair.
- If any two of these three positions are held by the same person, at the discretion of the Board Chair an additional member of the Board shall be selected to serve on the Committee.
- The Committee Chair (the “Chair”) shall be appointed by the Board Chair from among the Board Chair, Vice Chair and Chair of the Finance and Audit Committee.
- The CEO shall serve as a non-voting member of the Committee and the CEO and/or the CEO’s designee shall attend all Committee meetings.
- The CEO shall arrange for appropriate staff support.

IV. RESPONSIBILITIES AND DUTIES

The Board delegates to the Committee the expressed authority to do the following, to the fullest extent permitted by applicable law and Alegent Health's Articles and Bylaws:

- A. **Executive Compensation Program.** Recommend to the Executive Committee, for approval by the Board of Directors, an executive compensation philosophy and an executive compensation program that is designed to allow Alegent Health to recruit and retain superior talent.
- B. **Executive Compensation Reviews.** Review the process established by the CEO for carrying out the annual executive compensation reviews.
- C. **CEO Annual Compensation.** Review and recommend to the Executive Committee, for approval, an annual base salary adjustment and incentive compensation plan for the CEO.
- D. **Review CEO's Performance Assessment and Compensation Plan for Leadership Council.** Receive the annual report from the CEO of his/her performance assessment and compensation decisions for the salary range of the Executive Leadership Team members (those holding vice president rank and above) (the "ELC"). The Committee neither participates in nor approves the CEO's decisions regarding the ELC, but rather, uses the CEO's report to become aware of the CEO's evaluation of the capabilities of the ELC.
- E. **Review the Annual IRS 990 Reports.** Receive the compensation section of the annual IRS 990 report, as prepared by management, and the opinion letter as to the reasonableness of the total compensation for purposes of the Intermediate Sanctions Regulations issued under IRC 4958, prepared by the compensation consultants, and review these documents with the Board of Directors.
- F. **Employment Agreements.** Approve the compensation provisions of the employment agreement with the CEO and recommend to the CEO key provisions for any compensation provisions of the ELC employment agreements.
- G. **Board Compensation.** Review and recommend to the Board of Directors compensation levels for the Board of Directors. The Board of Directors then recommends approval to the Sponsors.
- H. **Review Charter.** Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
- I. **Annual Self-Evaluation.** Conduct an annual self-evaluation to determine whether the Committee is functioning effectively. The outcomes of the assessment process will be discussed with the Committee and a plan for improvements for the following year will be developed.

V. MEETINGS

- The Committee shall meet a minimum of three times per year.
- Committee members shall attend more than half of the meetings each year.
- A special meeting of the Committee may be called by the Chair, upon the request of any two Committee members or by the Board Chair.
- The agenda of each meeting shall be prepared, approved by the Chair and circulated to each Committee member prior to the meeting date.
- Unless the Committee or the Board adopts other procedures, the provision of Alegent's Bylaws applicable to meetings of Board committees shall govern meetings of the Committee.

VI. MINUTES

Minutes of each meeting shall be kept and forwarded to the Executive Committee.

VII. SUBCOMMITTEES

The Committee has the power to appoint subcommittees, but no subcommittee will have any final decision making authority on behalf of the Board or the Committee.

VIII. RELIANCE; EXPERTS; COOPERATION

- A. **Retention of Advisors.** The Committee, upon concurrence of the Chair, has the power, in its discretion, to retain, at Alegent's expense, such advisors and experts as it deems necessary or appropriate to carry out its duties.
- B. **Reliance Permitted.** The Committee will act in reliance on management, Alegent's independent public accountants, internal auditors, and advisors and experts, as it deems necessary or appropriate to enable it to carry out its duties.
- C. **Investigations.** The Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties.