

# EPIQ SYSTEMS, INC.

## COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

### CHARTER<sup>1</sup>

#### Organization

There will be a committee of the Board of Directors (the “Board”) of Epiq Systems, Inc. (the “Corporation”) to be known as the Compensation Committee. The Compensation Committee will consist of not less than three directors, all of whom are independent of management of the Corporation and are free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as a committee member. A person may serve on the Compensation Committee only if he or she (i) is a “Non-Employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, (ii) meets the independence requirements set forth in the listing requirements of the Nasdaq Global Select Market; (iii) satisfies the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code; and (iv) meets the independence requirements set forth in the Corporation’s Corporate Governance Guidelines. Committee members will be appointed by the Board and may be removed by the Board at any time. The Board may appoint a chairperson of the Compensation Committee.

#### Statement of Policy

The Compensation Committee will provide assistance to the Board in fulfilling its responsibility to the shareholders, potential shareholders and investment community by determining the appropriate compensation and incentive programs for the directors and executive officers of the Corporation in order to (i) encourage effective recruitment and retention of those individuals, and (ii) align the interests of those individuals with the interests of the Corporation and its shareholders.

#### Responsibilities

In carrying out its responsibilities, the Compensation Committee believes its policies and procedures should remain flexible, in order to react effectively to changing conditions. The provisions of this Charter supersede any provisions of the Corporation’s Bylaws that conflict with this Charter.

***Compensation and Evaluation of Executive Officers.*** The Compensation Committee is responsible for establishing compensation (including the adjustment of base salary), bonus, other incentive compensation and perquisite programs for the Corporation’s Chairman of the Board/Chief Executive Officer (“CEO”), the President/Chief Operating Officer (“President”) and

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<sup>1</sup> Adopted October 28, 2003 and amended and restated on June 2, 2010.

each other executive officer of the Corporation and will authorize all awards to those individuals under those programs. The Compensation Committee will set the compensation of the CEO and the President in executive session without the participation of the CEO and the President in those deliberations. The Compensation Committee will set the compensation of the other executive officers in consultations with the CEO. The CEO will report to and confer with the Compensation Committee regarding the compensation and bonus ranges and levels for those other executive officers. The Compensation Committee is responsible for the approval of all compensation, bonus, incentive compensation and perquisite programs for any employee of the Corporation who is an immediate family member (that is required to be reported under Item 404 of Regulation S-K) of any director or executive officer of the Corporation or of a person known to the Corporation to be the beneficial owner of more than five percent of the Corporation's common stock. The Compensation Committee will regularly evaluate the performance of the CEO and the President.

***Compensation of Members of the Board.*** The Compensation Committee will determine the fees and other forms of compensation paid to members of the Board for board and committee service.

***Stock Option Plan Committee of the Board.*** The Compensation Committee is designated as the responsible party under the Corporation's equity incentive compensation plans to administer such plans in accordance with their terms. In this role and subject to any equity incentive administration policy of the Corporation, the Compensation Committee will determine (i) the times when awards will be granted, (ii) the number of shares of Common Stock of the Corporation to be subject to each award granted to directors, officers and other employees of the Corporation, and (iii) the option exercise price (in accordance with the terms of the applicable equity incentive compensation plan) for each option granted under the such plans. The Compensation Committee will exercise all other rights granted to it under the Corporation's equity incentive compensation plans.

***Other Compensation Plans or Arrangements.*** The Compensation Committee will approve any future compensation plans or arrangements in which the CEO, the President or any other executive officer is eligible to participate, other than broad-based employee benefit programs.

## **Consultants**

The Compensation Committee may obtain studies or surveys of executive or board compensation from outside consultants. The Compensation Committee has the sole authority to approve the fees and other retention terms of any outside compensation consultants utilized by the Compensation Committee.

## **Meetings**

The Compensation Committee will meet at least once each year and at such other times as it deems necessary to fulfill its responsibilities. Meetings of the Compensation Committee will be held in executive session when the Compensation Committee is setting the compensation

of either the CEO or the President or at such other times as the Compensation Committee determines.

## **Reports**

The Compensation Committee will review and discuss with management the Corporation's disclosures under "Compensation and Disclosure Analysis" and will recommend to the Board whether the Compensation Disclosure and Analysis be included in the Corporation's annual proxy statement. The Compensation Committee will prepare any other reports required of the Compensation Committee by the Securities and Exchange Commission rules.

## **Authority of the Board**

Any action of the Compensation Committee, other than certain actions relating to outstanding equity awards, may be revised, modified or rescinded by the Board, which retains ultimate authority for all matters delegated to this Compensation Committee.

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