

R&B, Inc.
Compensation and Nominating Committee Charter

Role

The Compensation and Nominating Committee's role is responsibility for approving and evaluating the compensation plans, policies and programs of the Company, including an annual report on executive compensation for inclusion in the Company's proxy statement. In addition, the Committee is to determine the slate of director nominees for election to the Company's Board of Directors and to identify and recommend candidates to fill vacancies occurring between annual shareholder meetings.

Membership

The Committee shall consist of three or more directors all of whom, in the judgment of the Board of Directors, shall be independent in accordance with the rules and regulations of the Securities and Exchange Commission and the NASDAQ. The Board appoints the chairperson.

Operations

The Committee meets at least once a year. Additional meetings may occur as the Committee or its chair deems advisable. The Committee will cause to be kept adequate minutes of all its proceedings, and will report its actions to the next meeting of the Board. The Compensation and Nominating Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Bylaws of the Corporation, or (c) the laws of the Commonwealth of Pennsylvania.

Authority

The Committee will have the resources and authority necessary to discharge its duties and responsibilities, including the authority to retain outside counsel or other experts or consultants including compensation consultants, as it deems appropriate. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

Responsibilities

The principal responsibilities and functions of the Governance and Nominating Committee are as follows:

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 approve the CEO's compensation level based on this evaluation.

Annually review the compensation systems that are in place for employees of the Company in order to ensure there is internal and external equity in the compensation of all employees, including incentive-compensation plans and equity-based plans.

Annually review and approve and recommend to the Board of Directors for its approval, for the Chairman and CEO and the next four highest paid officers of the Company, (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, (d) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits.

Fix and determine awards to employees of stock or stock options pursuant to the Company's Equity Incentive Plan(s) now or from time to time in effect and exercise such power and authority as may be permitted or required by such plans.

Produce an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations.

Annually evaluate and report to the Board on the performance and effectiveness of the Board to facilitate the directors fulfilling their responsibilities in a manner that serves the interests of the Company's shareholders.

Annually present to the Board a list of individuals recommended for nomination for election to the Board at the annual meeting of shareholders.

Before recommending an incumbent, replacement or additional director, review his or her qualifications, including capability, availability to serve, conflicts of interest, and other relevant factors.

Assist in identifying, interviewing and recruiting candidates for the Board.

Annually review the composition of each committee and present recommendations for committee memberships to the Board as needed.

Periodically review the compensation paid to non-employee directors for annual retainers (including Board and committee Chairs) and meeting fees, if any, and make recommendations to the Board for any adjustments. No member of the Committee will act to fix his or her own compensation except for uniform compensation to directors for their services as such.

Regularly review and make recommendations about changes to the charter of the Compensation and Nominating Committee.

Last Revised: May 20, 2004