

TII Compensation Committee Charter

The Board Compensation Committee has been delegated the responsibility for reviewing, assessing and approving all compensation and benefits for the Chairman of the Board and executive officers, as defined by the Compensation Committee, members of the Board of Directors and all related parties. The Committee also reviews, assesses and approves all stock option award recommendations for all employees presented to them by the CEO. The Committee is composed of at least three independent (outside) directors.

Primary Purpose

The Compensation Committee, on behalf of the company's Board of Directors, oversees compensation programs to make certain the company is assured of retaining and attracting top-caliber leadership.

This Committee is established by the Board to oversee a corporate compensation policy that creates a direct relationship between pay levels, corporate performance and returns to shareholders. The Committee will monitor the results of such policy to assure that compensation earned provides overall competitive pay levels, creates proper incentives to enhance shareholder value, rewards superior and planned performance and is justified by the returns to shareholders.

Goals of the Compensation Committee

The goals are to:

- Align executive compensation with shareholder interests and expected business performance.
- Provide a significant portion of officer compensation in the form of "at risk" elements, such as variable performance-based cash incentives and equity participation.
- Target total compensation that reinforces planned performance, competitive market practices and balances short-term and long-term executive focus.
- Approve salary actions for the Chairman of the Board and executive officers, as defined by the Compensation Committee, members of the Board of Directors and all related parties.

- Enable the company to be competitive in securing and motivating superior caliber executive talent necessary for continued profitable growth.
- Communicate to the Board all significant discussions and actions at Board meetings

Basic Duties and Responsibilities

On a regular basis, the Committee reviews, discusses and considers the following:

1. The company's overall compensation philosophy, supporting policies and procedures and alignment of compensation with shareholder interest.
2. Industry pay practices and the company's relative competitive pay positioning with respect to executive base salaries, cash incentives, equity participation levels, benefits/prerequisites, contractual and severance arrangements
3. Equity dilution levels
4. CEO performance to goals and objectives.
5. Regulatory (IRS, SEC, FASB, NASDAQ etc.) developments, proposals and potential effects
6. The required annual Compensation Committee Report to be included in the proxy statement to shareholders
7. The linkage between pay programs and the company's operating budgets, business model and strategic plan/direction
8. The appropriate mix, balance, cost and corporate tax deductibility of all pay package elements
9. Recommendations from management and opinions of outside advisors
10. Other matters to present to the full Board of Directors for further review, consideration and approval
11. Independent Director compensation recommendations for Board of Directors.
12. Review, approve and advise the Board of Directors on all employment contracts.

Specific Purview and Approval Authority

- The Committee will review and approve all aspects of direct and indirect compensation paid to the company's executive officers, as defined by the Compensation Committee, members of the Board of Directors and all related parties and all agreements providing for the payment of benefits following a change of control of the company or severance following a termination of employment.
- The Committee will review and approve the terms of all cash and equity-based incentive plans.
- The Committee will, on an annual basis, review and approve the appropriate peer group(s) and published pay surveys to be referred to in making competitive compensation, benefit and equity participation comparisons.
- The Committee will review the performance of the CEO at least annually and consider the CEO's evaluation of his/her executive team.

Committee Composition/Procedural Matters

- The Committee will be comprised of at least three independent directors in order to satisfy all pertinent regulatory requirements.
- If the Board does not elect or appoint a Committee Chairman, the Committee will elect a Committee member to act in a leadership (Chair) capacity to ensure administrative efficiency and proper Committee processes and functioning
- The Chairperson will preside, when present, at all meetings of the Committee
- The presence of two members will constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee
- The Committee will act proactively in establishing its own goals, agendas and planned meeting dates
- The Committee will meet at such times as had previously been scheduled or determined by its Chairperson or upon the request of any of its two members
- The Committee will keep a record of its meetings and report on them to the Board

- The Committee may meet by telephone or video conference and may take action by written consent
- The Committee will prepare required and/or requested reports for the Board of Directors.

Chairman of the Compensation Committee

Basic Function

Presides at all meetings of the Committee. Presents the Committee findings and recommendations to the Board in reviewing and deciding upon matters that exert major influence on the manner in which executive officers, as defined by the Compensation Committee, members of the Board of Directors and all related parties are paid. Performs such duties as may be conferred by the Committee, law, regulation, or the like, or assigned by the full Board.

Responsibilities

- Prepares agenda for and convenes and conducts regular and special meetings of the committee.
- Advises and gives counsel to other Board members of the company. Reviews major activities and plans to ensure conformity with the Board's views on corporate compensation philosophy and policy with the advice and approval of the Committee.
- Carries out such special assignments.
- May recommend directors for Committee involvement.
- Presents any proposed changes in major policies of the company for Board action as recommended by the Committee.
- Retains and works with outside consultants and other advisors when necessary with the approval of the Committee.

Approve by the Compensation Committee: February 3, 2004