

# **Monro Muffler Brake, Inc.**

## **Compensation Committee Charter**

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### **Compensation Committee Mission**

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Monro Muffler Brake, Inc. (the “Company”) and is charged by the Board with responsibility for reviewing and approving (i) the overall compensation strategy and program structure (base salaries, short-term and long-term incentives) for the employees of the Company (and, to the extent appropriate, the subsidiaries of the Company) and (ii) compensation of the Officer Group (as defined below). The Committee is also responsible for making recommendations to the Board with regard to the total compensation of non-employee directors. Further, the Committee is responsible for reviewing and discussing with management the Compensation Discussion and Analysis (“CD&A”) section of the annual proxy statement, as required by the rules and regulations of the Securities and Exchange Commission (the “SEC”). The Committee shall ensure compensation is competitive and supports the Company’s business objectives. The Committee serves the Board and is subject to its control and direction. Nothing herein is intended to expand applicable standards of liability under state or federal law for directors of a corporation.

### **Definition**

“Officer Group” shall mean the group comprised of all persons, each of whom is considered an “officer” as defined in Rule 16a-1, clause (f), promulgated under the Securities Exchange Act of 1934 (“16(b) Officers”), together with all other officers of the Company or any of its subsidiaries determined to be appropriate for inclusion in the Officer Group by the Committee in consultation with the Chief Executive Officer. The definition of Officer Group may be amended by action of the Committee from time to time, provided that the Officer Group shall always include, at a minimum, all 16(b) Officers.

### **Membership**

1. **Size.** The Committee shall have at least three (3) members of the Board, the exact number to be determined from time to time by the Board.
2. **Composition.** The Committee shall be comprised solely of independent directors (as defined in the regulations issued by the SEC) and in any rules of any organization on which the common stock of the Company is listed or through which it is traded) who are also “outside directors” within the meaning of Section 162(m)(4)(C) of the Internal Revenue Code and Section 1.162-27(e)(3) of the Treasury Regulations promulgated thereunder, the exact number to be determined from time to time by the Board. The Committee composition shall meet the

independence requirements for compensation committees imposed by the listing standards of the Nasdaq Stock Market, Inc.

3. Appointment; Term. The members of the Committee shall be appointed by a majority vote of the Board from among its members and shall serve until such member's successor is duly appointed and qualified or until such member's resignation or removal by a majority of the Board.

### **Authority and Responsibilities**

1. Overall Compensation Strategy. The Committee shall establish and periodically evaluate and modify a statement of general compensation principles regarding overall compensation strategy and program structure (base, short and long-term incentives) for the Company.
2. Compensation Plans. The Committee shall have the following specific authority and responsibilities with respect to compensation plans (in addition to any others that the Board may from time to time delegate to the Committee):
  - (a) The Committee shall oversee the implementation and administration of the compensation plans of the Company (and, to the extent appropriate, the other subsidiaries of the Company), including pension, welfare, incentive and equity-based plans, to ensure that these plans are consistent with the Company's general compensation principles.
  - (b) The Committee shall review and make recommendations to the Board with respect to the adoption or amendment (or submission to stockholders for approval) of incentive compensation and equity-based plans for the Company (and, to the extent appropriate, the other subsidiaries of the Company) including restricted stock, stock option and deferred compensation plans.
  - (c) The Committee shall review and make recommendations to the Board with respect to, or approve, all awards of shares or share options pursuant to the Company's (and, to the extent appropriate, the Company's subsidiaries) equity-based plans.
3. Executive Compensation. The Committee shall have the following specific authority and responsibilities with respect to executive compensation (in addition to any others that the Board may from time to time delegate to the Committee):
  - (a) At least annually, the Committee shall recommend for Board approval the Chief Executive Officer's appropriate compensation level and any employment or compensation agreement with the Chief Executive Officer. The Chief Executive Officer may not be present during voting or

deliberations by the Committee or the Board on such compensation arrangements.

- (b) At least annually, the Committee shall for the Officer Group (and, to the extent appropriate, the subsidiaries of the Company) (a) review and approve the corporate goals and objectives relevant to their compensation, (b) evaluate performance in light of these goals and objectives, and (c) set their compensation based on this evaluation. In setting compensation, the Committee shall consider all factors it deems relevant, including the Company's performance and relative shareholder return, the value of similar incentive awards given to those with similar responsibilities at comparable companies, the awards given by the Company in prior years and the Chief Executive Officer's performance appraisal of and recommendation on appropriate compensation level for, each member of the Officer Group.
  - (c) The Committee shall have the authority to allow the Chief Executive Officer, under certain enumerated circumstances, to issue, in the aggregate, stock options (at levels and according to terms pre-approved by the Committee) to employees of the Company and its subsidiaries, other than members of the Officer Group to the extent and in the manner permitted by applicable law.
  - (d) The Committee shall review and approve any employment agreements, retirement arrangements and/or change-in-control agreements.
  - (e) As requested by the Board, the Committee shall evaluate and approve supplemental benefit plans and perquisites for the employees of the Company (and, to the extent appropriate, the subsidiaries of the Company).
4. Regulatory Matters. The Committee shall have the following specific authority and responsibilities with respect to regulatory matters (in addition to any others that the Board may from time to time delegate to the Committee):
- (a) The Committee shall review and discuss with management the CD&A section of the Company's annual proxy statement and recommend whether such section should be included. In that regard, the Committee shall also review the related tabular and other disclosures about director and executive compensation proposed by management for inclusion in the Annual Report and proxy statement in accordance with applicable SEC rules and regulations.
  - (b) In consultation with the senior management of the Company, the Committee shall oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility

(including, as and when required, for compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended, establishing performance goals and certifying that such performance goals and any other material terms have been attained). As requested by the Board, and subject to delegation of specific functions to Company officers in accordance with applicable law, the Committee shall approve establishment of and amendments to IRS qualified benefits plans.

5. Indemnification and Director Compensation. The Committee shall periodically review and make recommendations to the Board regarding directors' and officers' indemnification and insurance matters and, when requested by the Board, assess and develop recommendations for the total compensation of outside directors for final approval by the Board.
6. Retention of Consultants and Advisors; Investigations. With Board concurrence, the Committee may retain compensation consultants to be used to assist in the evaluation of the Officer Group or director compensation and shall have authority to approve the Consultant's fees and other retention terms. With Board concurrence, the Committee may conduct or authorize investigations into or studies of any matters within the Committee's scope of responsibilities.

### **Structure and Operations**

1. Chairperson. The Board shall designate one member of the Committee to act as its chairperson.
2. Conduct of Meetings. The Committee shall meet in person or telephonically at least once each year at such time and place as may be determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, as and when deemed necessary or desirable by the Committee or its chairperson. The chairperson, with input from the other members of the Committee and, where appropriate, management, shall set the agendas for Committee meetings.
3. Authority to Mandate Attendance. The Committee may request that any directors, officers or other employees of the Company, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The Committee may exclude from its meetings any persons it deems appropriate.
4. Delegation. The Committee may form and delegate authority to subcommittees. The provisions specified in this Charter are meant to serve as guidelines, and the Board delegates to the Committee the authority to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. The Committee may delegate authority to the chairperson of the Committee to approve specific actions that fall within established program guidelines approved by the Board or the Committee or to other officers of the

Company to approve specific actions within such guidelines as permitted by this Charter, the Company's charter and bylaws and applicable law.

5. Recordkeeping; Reports to Board. The Committee shall maintain minutes or other records of its meetings and shall give regular reports to the Board on these meetings and such other matters as required by this Charter or as the Board shall from to time specify. Reports to the Board may take the form of oral reports by the chairperson of the Committee or any other member of the Committee designated by the Committee to give such report.
6. Review of Charter. The Committee shall review its own performance and reassess the adequacy of this Charter at least annually in such manner as it deems appropriate, and submit such evaluation, including any recommendations for change, to the full Board for review, discussion and approval.
7. Committee Rules. Except as expressly provided in this Charter, the Company's bylaws or the Company's corporate governance guidelines, or as required by law, regulation or NASDAQ listing standards, the Committee shall set its own rules of procedure.
8. Additional Procedures and Standards. The provisions specified in this Charter are meant to serve as guidelines, and the Board delegates to the Committee the authority to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

#### **Approval of Charter; Amendment**

This Charter shall be deemed adopted when approved by the Committee and ratified by the Board. Amendments to the Charter shall be effected by a written instrument approved by the Committee and ratified by the Board.

Adopted on May 17, 2007