



## **Stock Option and Executive Compensation Committee Charter**

As Adopted April 15, 2005

### **Purpose**

To assist the board of directors in discharging its responsibilities relating to compensation of the Company's directors and principal executive officers, the Stock Option and Executive Compensation Committee (the "Committee") has been appointed by the Board of Directors to:

Approve and evaluate compensation programs, plans and awards for directors and principal executive officers; and

Issue an annual report on executive compensation in accordance with applicable rules and regulations of the Securities and Exchange Commission for inclusion in the Company's proxy statement.

### **Committee Membership**

The Committee shall be comprised of at least three directors who are independent of management and the Company as defined by Dillard's Corporate Governance Guidelines. Members of the Committee shall also meet the independence and qualification requirements of the federal securities laws and the applicable regulations of the Securities and Exchange Commission ("SEC") and the New York Stock Exchange.

The qualification of persons to serve on the Committee shall be determined by the Board of Directors. The Board of Directors will annually appoint the Committee members and a Chairman. The Board of Directors may fill vacancies on the Committee. The Board of Directors may remove a Committee member from the Committee at any time with or without cause.

### **Committee Responsibilities**

In discharging its appointment from the Board of Directors, the Committee will:

1. Have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or senior executive compensation and have sole authority to approve the consultant's fees and other retention terms.
2. 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 determine and approve the CEO's compensation level based on this evaluation.
3. In determining the long-term incentive component of CEO compensation, consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.
4. Annually review and make recommendations to the Board of Directors with respect to the compensation of all directors and principal executive officers, including any incentive-compensation plans and equity-based plans that are subject to approval by the Board of Directors.
5. Annually review and approve, for the CEO and the senior executive 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.
6. Review and approve any equity-based compensation plans that are not required by applicable laws and regulations to be approved by Company stockholders.
7. Review and approve permissible forms of compensation for directors who are intended to meet the independence qualification of the federal securities laws and the rules and regulations of the SEC and the New York Stock Exchange.
8. Have the authority to form and delegate authority to subcommittees when appropriate.

9. Submit the minutes of all meetings of the Committee to, or discuss the matters discussed at each Committee meeting with, the Board of Directors.
10. Review and reassess this charter at least annually and obtain the approval of the Board of Directors to any changes determined appropriate by the Committee.
11. Have the authority to investigate matters with full access to all books, records, facilities and personnel of the Company and, when appropriate, the authority to hire outside legal, accounting or other experts or advisors to assist the Committee with its work.
12. Undertake all further actions and discharge all further responsibilities imposed upon the Committee from time to time by the Board of Directors or by applicable rules of the Securities and Exchange Commission and the New York Stock Exchange.
13. Conduct an annual self evaluation.