

PHI, INC.
Charter of the Compensation Committee

Composition

The Compensation Committee (the “Committee”) shall be composed of at least three directors selected by the Board of Directors, and the Board shall also select the Committee’s Chairman. The directors on the Committee shall be independent within the meaning of applicable rules of the NASDAQ Small Cap Market and the Securities and Exchange Commission.

Purpose

The Committee shall discharge the Board’s responsibilities relating to the Total Compensation (defined as compensation, benefits and perquisites) of the Company’s Chairman of the Board, Chief Executive Officer and other Executive Officers (defined as any persons required to be listed as an executive officer in the Company’s Form 10-K) and the aggregate Total Compensation of all other employees) in a manner consistent with and in support of the business objectives of the Company, competitive practice, and all applicable rules and regulations.

Committee Authority and Responsibilities

The authority and responsibilities of the Committee shall be to:

1. Approve all aspects of Total Compensation for the Chairman of the Board and the Chief Executive Officer of the Company (“CEO”), who shall not be present during the deliberations or voting on their compensation.
2. Review and approve proposals made by the Chairman and the CEO with regard to the Total Compensation of each Executive Officer of the Company and of any other employee whose Total Compensation exceeds in value 80% of the total compensation of the CEO. Such review will be made in executive session with no members of management present.
3. Approve any general change in aggregate Total Compensation of all levels of employees within the Company.
4. Approve any proposed employment, severance or change in control contract.

5. Make recommendations to the Board with respect to incentive compensation and equity-based incentive plans that require shareholder approval, and govern the Company's shareholder-approved awards and options plan(s). The plan governance role of the Committee will include the authority to adopt, administer, approve, and ratify awards, including amendments to the awards made under any such plans, and the review and monitoring of awards under such plans.
6. Review and recommend to the Board the adoption of significant Benefits Plans and changes to Benefits Plans.
7. Such other duties and responsibilities as may be assigned to the Committee, from time to time, by The Board of Directors of the Company, and / or the Chairman of the Board of Directors.
8. The Committee shall receive and approve an annual report on Executive compensation for inclusion in the Company's proxy statement in accordance with all applicable rules and regulations.

Meetings

The Committee shall meet at least once a year, and additionally as appropriate. A majority of the members shall constitute a quorum.

Periodic Review of the Charter and Performance

This Charter shall be reviewed at least annually and revised as appropriate. The Committee shall conduct an annual evaluation of Committee performance.

Reports to the Board of Directors

The Committee shall make regular reports to the Board of Directors.

Outside Counsel, Auditors or Other Consultants

The Committee has sole authority to retain and terminate consulting firms, if any, used to assist in fulfilling its responsibilities in determining Chairman, CEO and Executive Officer Compensation.

As adopted by the Compensation Committee and the Board of Directors on March 10, 2004.