

**KATY INDUSTRIES, INC.**

**AMENDED AND RESTATED  
COMPENSATION COMMITTEE CHARTER**

**DECEMBER 2, 2011**

The following shall constitute the Amended and Restated Compensation Committee Charter (the “Charter”) of the board of directors of Katy Industries, Inc. (the “Corporation”) and shall replace and supercede any and all former Charters, including the Compensation Committee Charter previously adopted on December 3, 2010.

**I. ORGANIZATION**

There shall be constituted a standing committee of the board of directors of the Corporation (the “Board”) to be known as the compensation committee (the “Compensation Committee” or “Committee”) that shall have the primary responsibility for developing and overseeing the implementation of the Corporation’s philosophy with respect to the compensation of executive officers and directors.

**II. COMPOSITION AND SELECTION**

The Compensation Committee shall be comprised of three (3) or more directors. The members of the Compensation Committee shall satisfy any requirements of independence set by the Board, which in no event shall fail to meet or be less restrictive than the independence requirements set forth in the listing requirements of the New York Stock Exchange, the rules and regulations of Securities Exchange Commission and any other applicable laws or regulations, as then in effect. In addition, each member shall satisfy the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended and a “non-employee director” for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the “Independent Directors”).

The members of the Compensation Committee shall be appointed annually by the Board on the recommendation of the Nominating & Governance Committee. Each member of the Compensation Committee shall serve at the pleasure and discretion of the Board and may be removed or replaced by the Board at any time and from time to time in the Board’s discretion. The members of the Compensation Committee shall serve for one (1) year or otherwise until their successors are duly elected and qualified. Unless a chairman is elected by the full Board, the members of the Compensation Committee shall designate a chairman by majority vote of the full Committee.

The duties and responsibilities of Compensation Committee members contained herein shall be in addition to those duties otherwise required for members of the Board.

**III. STATEMENT OF PURPOSE**

The Compensation Committee is appointed by the Board to discharge the Board’s responsibilities relating to compensation of the Corporation’s directors and officers. The

Committee has overall responsibility for designing, approving and evaluating the director and officer compensation plans, policies and programs of the Corporation, including without limitation any annual and long-term incentive plans, as set forth in this Charter.

#### **IV. COMMITTEE OBJECTIVES**

The Compensation Committee's primary objectives include serving as an independent and objective party to review the compensation of the Corporation's directors and officers, and evaluating and approving director and officer compensation plans, policies and programs.

#### **V. COMMITTEE AUTHORITY AND RESPONSIBILITIES**

The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, chief executive officer ("CEO") or senior executive compensation and shall have sole authority to approve the consultant's fees and other retention terms.

The Compensation Committee also shall have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Compensation Committee shall also have the authority to determine, and to receive from the Corporation, the appropriate compensation to be paid to any special legal, accounting or other consultant retained by the Compensation Committee.

The Compensation Committee may form and delegate authority to subcommittees comprised entirely of Independent Directors or its chair when appropriate. The Compensation Committee shall have the right to consult with or obtain input from management of the Corporation but, except as expressly provided herein, shall not delegate any of its responsibilities to such management.

The Compensation Committee shall:

1. Review and approve annually corporate goals and objectives relevant to CEO compensation; evaluate the CEO's performance in light of those goals and objectives; either as a committee or together with the other Independent Directors (as directed by the Board), determine and approve the CEO's compensation level based on this evaluation; and, in determining the long-term incentive component of CEO compensation, consider the Corporation'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;
2. Review and make recommendations to the Board annually with respect to the compensation of all directors, officers and other key executives;
3. Make recommendations to the Board with respect to non-CEO compensation, incentive-compensation plans and equity-based plans;

4. Review and approve annually, for the CEO and the senior executives of the Corporation, (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;
5. Oversee the Company's ERISA-qualified benefit plans, if any;
6. Review and discuss with the Corporation's management and the Corporation's Independent Public Accounting Firm the Compensation Discussion and Analysis ("CD&A") to the extent required by Securities and Exchange Commission Regulations, and based on such review and discussion, determine whether to recommend to the Board that the CD&A be included in the Corporation's annual report or proxy statement for use in connection with its annual meeting of stockholders;
7. Prepare, over the names of the members of the Compensation Committee, the Compensation Committee report to the extent required by Securities and Exchange Commission Regulations, for inclusion in the Corporation's annual report or proxy statement for use in connection with its annual meeting of shareholders;
8. Make regular reports to the Board;
9. Administer the Corporation's equity-based incentive compensation plans, including any equity-based incentive compensation plans adopted in the future or assumed by the Corporation as a result of a merger and/or acquisition;
10. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval;
11. Review its own performance every other year; and
12. Perform such other functions as necessary or appropriate in its or the Board's opinion under applicable law, the Company's Certificate of Incorporation, Bylaws and the resolutions and other directives of the Board.

## **VI. MEETINGS**

The Compensation Committee shall meet as often as may be deemed necessary or appropriate in its judgment and that of the Board, but in no event shall the Committee meet less than twice a year in executive sessions without any members of management present. The chairman or a majority of the members of the Compensation Committee may call meetings of the Committee upon reasonable notice to all members of the Committee. At each meeting of the Committee, a majority of the members shall constitute a quorum, and a majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet in person or by telephonic or video conference, and may take actions by unanimous written consent of all the members of the Committee. The proceedings of all Committee meetings shall be documented in minutes. When present, the chairman will preside at all meetings of the

Compensation Committee. Following each meeting, the Compensation Committee shall report to the Board at the next regularly scheduled Board meeting, or sooner, as circumstances may dictate.

## **VII. CONSISTENCY WITH CORPORATE CHARTER DOCUMENTS**

To the extent that any provision or section of this Charter may be inconsistent with any article, provision or section of the Certificate of Incorporation or the Bylaws of the Corporation, the Certificate of Incorporation or the Bylaws, as appropriate, shall fully control.

## **VIII. CERTIFICATION**

This Compensation Committee Charter was duly approved and adopted by the Board of the Corporation on the 2nd day of December 2011.