



AZZ incorporated Corporate Governance

Compensation Committee Charter

The Board of Directors (the "Board") of AZZ incorporated (the "Company") hereby approves and adopts the following Compensation Committee Charter (the "Charter") to specify the composition, authority and responsibilities of the Compensation Committee (the "Compensation Committee"). As used in this Charter, "Company" includes the Company and its subsidiaries, regardless of the form in which they do business, unless the context otherwise requires.

Purpose

The function of the Compensation Committee (the "Committee") is to assist the Board in fulfilling its oversight responsibilities with respect to the compensation matters described below by assuming full authority for those matters, unless otherwise specifically provided.

Considerations

The Committee, as part of its review and consideration of compensation, shall take into account, among other things, the following goals: (i) provision of incentives and rewards that will attract and retain highly qualified and productive people; (ii) motivation of employees to high levels of performance; (iii) differentiation of individual pay based on performance; (iv) consideration of external competition for management talent and internal equity among employees; (v) alignment of Company, employee and shareholder interests.

Composition

The Committee shall consist of not less than two "Non-Employee Directors" within the meaning of Rule 16b-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, each of whom shall have no relationship to the Company that may interfere with the exercise of his or her independence from management and the Company. Each member of the Committee must be independent within the meaning of Section 303A of the New York Stock Exchange (the "NYSE") Listed Company Manual, applicable federal securities laws, including the rules and regulations of the Securities and Exchange Commission, and the other qualifications set forth in the Company's Corporate Governance Guidelines. In this regard no executive officer of another company shall serve on the Compensation Committee if one of the Executive Officers or a member of the Board of the Company serves on the compensation committee of that other company. Additionally, no Executive Officer of the Company shall serve on the compensation committee of another company which has an executive officer on the Compensation Committee of the Company. Each Committee member shall be independent as defined in the New York Stock Exchange listing standards, as they may be amended from time to time and shall qualify as "outside directors" within

the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Board shall designate members of the Committee and may remove a member at any time. One of the members of the Committee shall be designated Chairman of the Committee by the Board. If a Chairman is not designated by the Board or present at a meeting, the Committee may designate a Chairman by majority vote of the Committee members then in office. Committee members shall serve until their resignation, retirement, removal or election of a successor by the Board.

Authority

The Committee shall have and may exercise all of the authority of the Board relating to the compensation of Company Managers (as defined in Definitions at the end of this Charter) subject to the limitations, if any, set forth in Section 3.17 of the Bylaws of the Company and Sections 21.416(b) and 21.416(c) of the Texas Business Organizations Code, as amended, and in addition shall administer the Company's 1998 Incentive Stock Option Plan, 1999 Independent Director Share Ownership Plan, the 2000 Advisory Director Share Ownership Plan, 2001 Long-Term Incentive Plan and all other Employee Benefit Plans (as defined in Definitions at the end of this Charter) of the Company, other than the AZZ incorporated Employee Benefit Plan & Trust. The Committee also shall recommend to the Board the amount of contributions to the AZZ incorporated Employee Benefit Plan & Trust.

The Committee is empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities hereunder, including consultants with such legal, accounting or other expertise as it deems necessary in the performance of its duties and to determine, on the Company's behalf, the compensation of such persons. The Committee shall have the authority to conduct any investigation appropriate to fulfilling its responsibilities and shall have direct access to anyone in the Company. The Committee may from time to time delegate to its Chairman or any of its members the responsibility for any particular matter.

Meetings

The Committee is to meet at least once annually, and as many additional times as the Committee deems necessary, at such time and place, and upon such notice, as the Chairman of the Committee may from time to time determine. Meetings for the consideration of pertinent matters may be requested by the President of the Company, the Chairman of the Committee or any member of the Committee by request to the Chairman of the Committee. A majority of the members of the Committee shall constitute a quorum at any meeting. The Chairman of the Committee shall develop the agenda for each meeting and in doing so may consult with management. Meetings of the Committee may be in person or by conference call in accordance with Section 3.17(i) of the Bylaws of the Company. Section 3.17 of the Bylaws of the Company with respect to committees of the Board shall apply to the Committee.

Attendance

As necessary or desirable, the Chairman of the Committee may request that the members of management or independent consultants be present at the meetings of the Committee.

Minutes

The Committee shall keep regular minutes of each meeting and send a copy of the minutes to members of the Committee and to the members of the Board who are not members of the Committee.

Responsibilities and Powers

In exercising its authority hereunder, the Committee shall be empowered in accordance with its independent judgment to:

- 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.
- Review and approve corporate goals and objectives relevant to the compensation of Executive Officers not covered in the immediately preceding item, evaluate such persons' performance in light of those goals and objectives, and determine and approve such persons' compensation levels based on this evaluation.
- Review and discuss with management the Compensation Discussion & Analysis (the "CD&A") required by Securities and Exchange Commission Regulation S-K, Item 402 and based on that review and discussion, determine whether to recommend to the Board that the CD&A be included in the Company's annual report or proxy statement.
- Review any employment agreements for executive officers of the Company.
- Administer the Company's Employee Benefit Plans including, without limitation, if required by the terms of any such plan, the making of all decisions concerning the timing, pricing, and amount of a grant or award thereunder.
- Make its independent perspective available to management for consultation in respect of the Company's policies with regard to major issues of compensation.
- Review with management and recommend to the Board changes in the Company's compensation structure of sufficient magnitude to affect the Company's cost of operation or its competitiveness as an employer.
- Review with management and recommend to the Board the adoption of all new

Employee Benefit Plans, and any additions, deletions or modifications to the Company's existing Employee Benefit Plans.

- Make recommendations to the Board regarding the amount of the Company's contribution or contributions, if any, to the AZZ incorporated Employee Benefit Plan & Trust.
- Determine the annual salary, bonus, stock options, and other compensation and benefits, direct and indirect, of the Company Managers.
- Establish and review periodically policies in the area of management perquisites.
- Establish and review periodically the expense reimbursement policies of the Company.
- Produce the Compensation Committee report required by proxy rules and Federal securities laws.
- Do every other act incidental to, arising out of or in connection with, or otherwise related to (i) the authority granted to the Committee hereby or (ii) the carrying out of the Committee's duties and responsibilities hereunder.
- Perform an annual performance evaluation of the Committee and report the results of such evaluation to the Board and the Company's Nominating and Corporate Governance Committee (the "NCGC").
- If requested by Company management, assist management with the preparation of a certification to be presented annually to the NYSE affirming that the Committee reviewed and reassessed the adequacy of this Charter.

Charter Scope

The Committee shall review and reassess the adequacy of this Charter at least annually and advise the Board and the NCGC of its assessment and of its recommendation for any changes to the Charter. The Committee shall submit any proposed changes to this Charter to the Board for approval whenever changes are appropriate in the Committee's independent judgment. The Chairman of the Committee shall, periodically, at his or her discretion, report to the Board on Committee actions and on the fulfillment of the Committee's responsibilities under this Charter.

Definitions

The term "*Company Manager*" as used in this Charter shall mean (i) the Chairman of the Board (the "Chairman"); (ii) the President and CEO (the "CEO") (iii) VicePresidents (the "Vice Presidents"); and (iv) such other employees (the "Other Managers") as the Compensation Committee shall designate for inclusion among the managers whose

compensation shall be established by that Committee.

The term "*Employee Benefit Plan* " includes, but is not limited to, the following: any plan, contract, authorization or arrangement, whether or not set forth in a formal document and regardless of the number of persons covered thereby, pursuant to which any Company Manager may receive any of the following: cash, stock, stock options, restricted stock or restricted stock units, phantom stock, stock appreciation rights ("SARs"), stock options in tandem with SAR's, warrants, convertible securities, performance units and performance shares, and similar instruments.

The term "*Executive Officer*" means the President, the Chief Executive Officer, the principal financial officer, the principal accounting officer, each Executive or Senior Vice President of the Company or any subsidiary thereof, any vice president of the Company or any subsidiary thereof in charge of a principal business unit, division or function of the Company, or any other officer or other person who performs a policy making function for the Company.

