

KEYSTONE AUTOMOTIVE INDUSTRIES, INC.
AMENDED AND RESTATED COMPENSATION
COMMITTEE CHARTER
Effective: June __, 2007

This Amended and Restated Compensation Committee Charter (the “**Charter**”) was adopted by the Board of Directors (the “**Board**”) of Keystone Automotive Industries, Inc. (the “**Company**”) to be effective as of June __, 2007. It amends and restates in its entirety the Compensation Committee Charter adopted on May 12, 2004.

Purpose

The purpose of the Compensation Committee (the “**Committee**”) of the Board is:

- to discharge the responsibilities of the Board relating to compensation of the Company’s executives by participating in and, where appropriate, directing and evaluating compensation plans, policies and programs of the Company. This will be done in conjunction with management and/or the Board;
- to oversee compensation and benefit programs affecting all employees to ensure the programs are competitive and non-discriminatory;
- to coordinate the development of an annual report on executive compensation for inclusion in the Company’s proxy materials utilizing both internal and external resources to ensure compliance with applicable laws, rules and regulations;
- to review and provide oversight of the Company’s management resources; and succession planning and executive development process.
- to carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s Bylaws

Membership

The Committee shall be comprised of at least two directors and a Chairperson (the “**Chairperson**”) as determined and appointed by the Board, none of whom shall be an employee of the Company, and each of whom shall:

- Satisfy the independence requirements of the NASDAQ Marketplace rules;

- Be a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “**1934 Act**”); and
- Be an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “**Code**”).

The members of the Committee (including the Chairperson) shall be appointed by the Board. The Chairperson and other Committee members can be removed from the Chairperson position and/or the Committee, with or without cause, at any time, by the Board.

Meetings & Procedures

The following procedures and principles shall apply to meetings of the Committee:

- The Chairperson, or in his absence, a Committee member designated by the Chairperson, shall be responsible for (i) calling and scheduling meetings, (ii) setting agendas, (iii) the preparation and distribution in advance of meetings of appropriate reports, documents and other information required by the Committee members to make informed judgments and decisions on the issues on the agenda, and (iv) presiding over meetings. A special meeting can be called by the Chairperson or by a majority of the Committee Members. The Committee shall have the authority to establish other procedural rules and procedures as it considers appropriate so long as they are not in conflict with any: (a) applicable law, rule, or regulation, (b) applicable provision of the Company’s bylaws, or (c) any applicable rule, resolution, or procedure established by the Board.
- The Committee shall meet on a regularly scheduled basis at least two times a year and more frequently as the Committee deems necessary or desirable. Regular meetings of the Committee shall coincide with the regularly scheduled meetings of the Board, unless the Committee determines otherwise. When necessary, meetings may be held by teleconference. Notwithstanding the above, at least one time annually, the Committee shall meet in executive session.
- The secretary of the Company shall record the minutes of the meeting in appropriate detail, unless: (i) the Chairperson appoints another person to record the minutes, (ii) the presence of the secretary at the meeting would create a conflict of interest, or (iii) the Committee is meeting in executive session, in which event the Chairperson or a Committee Member designated by the Chairperson shall record the minutes of such executive session.
- The Committee shall only act on the affirmative vote of a majority of the members at a meeting duly called and held (whether in person, by teleconference, or otherwise), by unanimous written consent, or by any other means allowed by applicable laws, rules, and regulations.

- The Committee may establish subcommittees consisting of one or more members of the Committee to carry out such duties as the Committee shall delegate.
- Committee meetings are generally open to any member of the Board unless otherwise stipulated by the Chairperson of the Committee. Observing Board members shall not participate in any discussion or deliberation unless invited to do so by the Chairperson of the Committee, and in no event shall they be entitled to vote.
- The Committee may, in its discretion, invite members of the Company's management, representatives of the independent auditor, the internal auditor, any other management personnel employed or retained by the Company or any other persons or outside resources whose presence the Committee believes to be necessary or desirable to the deliberations of the Committee. The Chief Executive Officer ("CEO") shall not be present during deliberations or voting on matters concerning his or her compensation.
- The Committee, without the approval of the Board or management, shall (i) have reasonable access to Company officers and other managers to discuss the business in general or specific issues, (ii) have access to administrative and secretarial services internal in, or external to, the Company, and (iii) have the authority to engage independent legal, financial or other advisors (including a search firm to identify executive candidates) as they deem appropriate. The fees and related expenses incurred for such advisors and by Committee members in carrying out the related activity shall be either paid directly by the Company or reimbursed to the Committee members, as applicable.
- Any action duly taken by the Committee, the Chairperson or a Committee member, shall be valid and effective, even if it is later determined that one or more Committee members taking such action, do not meet the requirements for membership on the Committee as set forth above.
- The Chairperson of the Committee shall report regularly to the Board on the Committee's activities and actions taken.

Duties & Responsibilities

The Committee shall have the following duties and responsibilities:

- **Performance Criteria and Evaluation:**
 - The Committee shall, at least annually, review the Company's compensation philosophy and the composition of the peer company group to be used for benchmarking market compensation levels.

- The Committee shall annually review and approve corporate goals and objectives against which the performance of the CEO shall be measured, and shall evaluate the performance of the CEO in light of these goals and objectives and determine and recommend for approval to the Board the CEO's compensation. A written performance review on the CEO shall be submitted by the Committee to the Board annually.
- The Committee, in its discretion, may provide the CEO with interim performance reviews
- The Committee shall review and approve on an annual basis the evaluation process and related compensation structure for the Company's senior officers other than the CEO
- **Executive Compensation:**
 - Annually review and recommend to the Board for approval the base salary and other cash compensation and additional equity awards, if any, to be given to the CEO, based on the performance evaluation and comparative benchmark data described above.
 - At least annually, review and approve all compensation for all other officers (as such term is defined in Rule 16a-1 promulgated under the 1934 Act), directors and all other employees of the Company or its subsidiaries with a base salary greater than \$175,000 per annum. The CEO will make recommendations to the Committee with respect to such officer and other key employee compensation. The Committee shall discuss and review such recommendations with the CEO (and may make modifications to such recommendations), and shall submit its recommended compensation to the Board for approval.
 - The Committee shall determine if any compensation to the CEO and/or any other officer is in excess of the limits deductible under Section 162(m) of the Code, and shall report its findings to the Board.
- **Management Incentive Plans and Awards:**
 - The Committee shall annually review the structure and effectiveness of the Company's long-term equity based and incentive compensation plans, and their eligibility criteria and award guidelines.
 - The Committee shall make recommendations to the Board with respect to CEO and other executive officer (as defined from time to time by the Board) awards to be made pursuant to any of the Company's management incentive compensation plans and equity-based plans, and with respect to each such plan, shall have the responsibility:

- (i) to review, access, and amend, where appropriate, the recommended performance targets and awards submitted to the Committee by the CEO, and to submit to the Board the Committee's recommended annual bonus and long-term incentive awards. The Committee shall approve and properly document all amendments to and terminations of, all compensation plans or to any awards made thereunder;
- (ii) to select, in consultation with the CEO, which executive officers will be entitled to participate in and receive periodic awards under the Company's equity incentive plans, as amended from time to time, including under any successor or additional plan;
- (iii) to document in writing, no later than 90 days from the beginning of the applicable performance cycle, all performance criteria and targets for all executive officers who each may be a "covered employee" under Section 162(m) of the Code;
- (iv) to obtain certification from the CEO and the Chief Financial Officer that all performance targets have been met before the payment of any cash bonus or the vesting of any award under any equity-based plan; and
- (v) to approve all repurchases of securities from terminated and/or disabled employees.

- **Benefits and Executive Perquisites:**

- The Committee shall establish and periodically review the Company's policies concerning the "perquisites" provided to executive officers.
- The Committee shall determine and recommend for approval to the Board the Company's policy with respect to change of control or "parachute" payments and benefits, and shall be responsible for approving all agreements related to such benefits.
- The Committee shall review and approve all officers and other key employees' employment, change in control, severance, or similar agreements.
- The Committee shall periodically review the design and management of the various pension, retirement and health and welfare plans that cover the employees of the Company, and shall be responsible for approving any amendments or additions to, or deletions from or cancellations of, such plans that has the effect of changing benefit levels.

- The Committee shall periodically review the funded status and investment performance of all benefit plan trusts in which benefit plan assets are invested.
- **Succession planning:**
 - In conjunction with the CEO and the Board, the Committee shall identify, develop and nominate potential successors to the CEO, and oversee the preparation of a CEO succession plan.
 - In conjunction with the CEO and Board, the Committee shall identify, develop and periodically re-evaluate candidates for executive positions, and ensure that an effective talent development process is in place in the Company.
- **Other:**
 - The Committee shall assist in the preparation of, and shall approve the Compensation Committee Report to be included in the Company's annual proxy statement.
 - The Committee shall evaluate its own performance on an annual basis, including its compliance with this Charter. The Chairperson of the Committee shall report to the Board the results of its self-evaluation, including any recommendations for changes in procedures or policies governing the Committee, believed to be necessary or desirable to correct any deficiency identified in the self-assessment.
 - The Committee shall review and reassess this Charter at least annually and submit any recommended changes to the Board for its consideration.

The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without further Board approval, except where such approval is explicitly required by the Board, the Company's Bylaws, the Company's Articles of Incorporation, this Charter or the Company's Corporate Governance Principles. While acting within the scope of the powers and responsibilities delegated to it in this Charter or otherwise, the Committee shall possess and may exercise all the powers and authorities of the Board, and any action duly taken by the Committee, the Chairperson or other members thereof, shall be valid and effective. To the full extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.