

**BLOUNT INTERNATIONAL, INC.
COMPENSATION COMMITTEE CHARTER**

(ADOPTED FEBRUARY 2005)

Purpose

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Blount International, Inc. (together with its subsidiaries, the “Corporation”) shall be responsible for the development of the Corporation’s philosophy, goals and objectives with respect to executive compensation. The Committee is also responsible for periodically reviewing the Corporation’s executive compensation and benefit plans and perquisites to ensure they are consistent with the Corporation’s compensation policy.

The Committee shall provide the required Compensation Committee Report for the Corporation’s Proxy Statement required for the Corporation’s Annual Meeting of Shareholders.

Membership and Organization

The Committee shall consist of not fewer than two members, immediately at least one member, and on or before March 20, 2005 a majority of members, and on or before December 20, 2005 all of the members, shall each be a non-employee director within the meaning of 17 CFR 240 16b-3, shall qualify as an “outside director” within the meanings of regulations established pursuant to Section 162(m) of the Internal Revenue Code and shall be “independent” as defined in New York Stock Exchange Rule 303A. The Committee shall meet at such times as it determines to be appropriate or at the call of the Chair of the Committee.

The members of the Committee and the Chair shall be recommended by the Nominating and Governance Committee and elected by the Board annually and shall serve until their successors have been duly elected and qualified.

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

Duties and Responsibilities

The Committee shall, in its judgment,

1. Consider, approve, and, where necessary, recommend to the Board for approval, compensation and benefit plans or amendments to existing plans, including but not limited to cash and stock-based incentive compensation plans and non-qualified deferred compensation and retirement plans, but not including Internal Revenue Code qualified retirement plans.
2. Review the implementation and administration by management of compensation plans for which the Committee is responsible.

3. Review and approve performance targets required for executive incentive plans; certify the achievement of performance goals prior to payment of performance-based compensation to individuals covered under Section 162(m) of the Internal Revenue Code; recommend approval by the Board of awards to executives to be paid pursuant to such plans; and take actions delegated to the Committee under compensation plans.
4. Conduct an annual review of the performance of the Chief Executive Officer of the Corporation (the “Chief Executive Officer”). The Committee, in consultation with the Board and the Nominating and Governance Committee, shall approve goals and objectives for the Chief Executive Officer, evaluate his or her performance, and, either as a committee or together with the other independent directors, as directed by the Board, set his or her compensation level based on this evaluation. The Committee shall discuss the results of the evaluation with the independent directors in executive session and with the Chief Executive Officer.
5. Review the total compensation and benefits of certain key executives whom the Committee determines in its sole discretion to so review. In establishing such compensation, the Committee shall utilize where appropriate comparative data regarding executive compensation practices. The Committee shall utilize flexible compensation structures to attract, retain, motivate and appropriately reward executives, consistent with the Corporation’s executive compensation philosophy.
6. Make recommendations to the Board with respect to management compensation, incentive-compensation plans and equity-based plans.
7. Review and recommend to the Board for final approval grants of stock options, stock appreciation rights, performance shares and other stock-related incentives.
8. Report periodically to the Board regarding the foregoing activities.

Evaluation

At least annually, the Committee shall conduct an evaluation of its performance in such manner as the Committee deems appropriate.

Other

The Committee shall have available to it such support personnel, management staff, outside auditors, attorneys and consultants as it deems necessary to discharge its responsibilities.

The Committee shall have sole authority to select, retain and terminate any compensation consultant used to assist in the evaluation of Chief Executive Officer or senior executive compensation, including sole authority to approve any payment of the search firm’s fees and other retention terms.