



Charter for the Compensation Committee of the Board of Directors of SRS Labs, Inc.

As Amended and Restated and Approved by the Board of Directors on September 27, 2005

The compensation committee of the board of directors of SRS Labs, Inc. shall consist of a minimum of three directors. Members of the committee shall be appointed by the board of directors upon the recommendation of the nominating and corporate governance committee and may be removed by the board of directors in its discretion. All members of the committee shall be independent directors, and shall satisfy the Nasdaq Stock Market standard for independence.

The purpose of the committee shall be to carry out the board of directors' overall responsibility relating to executive compensation.

In furtherance of this purpose, the committee shall have the following authority and responsibilities:

1. To assist the board in developing and evaluating potential candidates for executive positions, including the chief executive officer.
2. To review and approve on an annual basis the corporate goals and objectives with respect to compensation for the chief executive officer. The committee shall, with the assistance of the other independent directors of the Board, evaluate at least once a year the chief executive officer's performance in light of these established goals and objectives and based upon these evaluations shall recommend to the full board of directors for determination the compensation, including incentive pay, of the chief executive officer and the board of directors shall determine such compensation by a vote which shall include the affirmative vote of a majority of the independent directors.
3. To review and approve on an annual basis the evaluation process and compensation structure for the company's other executive officers. The committee shall evaluate the performance of the company's executive officers and shall approve the annual compensation, including salary, bonus, incentive and equity compensation, for such executive officers. The committee shall also provide oversight of management's decisions concerning the performance and compensation of other company officers.
4. To review the company's incentive compensation and other stock based plans and recommend changes in such plans to the board as needed. The committee shall have and shall exercise all the authority of the board of directors with respect to the administration of such plans.
5. To maintain regular contact with the leadership of the company.
6. To prepare and publish an annual executive compensation report in the company's proxy statement.

The committee shall have the authority to delegate any of its responsibilities to subcommittees as the committee may deem appropriate in its sole discretion.

The committee shall have authority to retain such compensation consultants, outside counsel and other advisors as the committee may deem appropriate in its sole discretion. The committee shall have sole authority to approve related fees and retention terms.

The committee shall report its actions and any recommendations to the board after each committee meeting

and shall conduct and present to the board an annual performance evaluation of the committee. The committee shall review at least annually the adequacy of this charter and recommend any proposed changes to the board for approval.