

**CHARTER  
OF THE  
NOMINATION AND CORPORATE GOVERNANCE COMMITTEE  
  
SRS Labs, Inc.**

**As Amended and Approved by the Board of Directors on February 15, 2005**

**Purpose**

The Nomination and Corporate Governance Committee (the "Committee") is responsible for overseeing the composition, structure, processes and evaluation of the board and its committees. The Committee is also responsible for developing and implementing policies and procedures that are intended to shape SRS Labs' corporate governance and to ensure the effectiveness of the board and its committees in meeting their fiduciary obligations to the Corporation and its stockholders on an ongoing basis.

**Membership**

The Committee shall consist of at least three independent members of the Board. The Committee members shall be appointed for one year terms at the annual meeting of the Board. In selecting the members of the Committee, the Board will determine that each member has the appropriate experience, independence and interest to carry out his/her duties and responsibilities.

**Functions**

The Committee shall:

- Develop and recommend to the Board specific guidelines and criteria for membership on the Board, and in consultation with the chairs thereof, each of its standing committees, such as, depth of experience, industry background and knowledge, balance of business interest and experience, relationship with management, levels of stock ownership in the Corporation, required expertise and other qualifications for membership on each committee.
- Have the responsibility for developing, in consultation with all directors, a pool of potential director candidates for consideration in the event of a vacancy on the Board and review and advise the Board as to the qualifications of potential candidates.

- Recommend to the Board (i) those persons to be nominated for membership on the Board who shall be submitted to the stockholders for election at each annual meeting of stockholders and (ii) the nominees for directors to be appointed by the Board to fill vacancies and newly created directorships.
- In consultation with the chairs of the standing committees, make recommendations to the Board regarding the assignment of Board members to various committees.
- Consider the performance of incumbent members of the Board and its standing committees (which are responsible for evaluating committee performance) in determining whether to recommend that they be nominated for reelection and consider and report annually to the Board regarding the performance, contribution and efficacy of the Board.
- Recommend to the Board for adoption corporate governance guidelines. Review guidelines periodically, at least annually, and update as appropriate.
- In light of the operating requirements of the Corporation and existing social attitudes and trends, make recommendations to the Board annually concerning the size, composition and structure of the Board, including but not limited to:
  - retirement policies for non-employee directors;
  - the desirable ratio of employee and non-employee directors;
  - the desirability of diversity on the Board;
  - the perceived need for particular strengths;
  - the appropriate level and forum of interaction between management and other employees and members of the Board;
  - the adequacy of the number of Board meetings per year;
  - the format of Board meetings including non-board member attendance and the need for executive sessions in light of applicable rules of the National Association of Securities

Dealers, Inc. and its affiliate, the Nasdaq Stock Market, Inc.; and

- Review and make recommendations to the Board regarding continuing education programs for Board members.
- In consultation with the chairs of the standing committees, review and make recommendations to the Board regarding the nature and duties of the Board committees, including but not limited to:
  - the charter, duties and powers of Board committees according to existing and planned Corporation objectives;
  - the adequacy of the number of committee meetings per year;
  - the format of committee meetings and recommendations for the improvement of such meetings;
  - the perceived need for particular strengths on each of the committees;
  - the appropriate level and forum of interaction between management and other employees and each of the committees;
  - the term of office for committee members; and
  - any policy of periodic rotation of directors among the committees, and any limitations on the number of consecutive years a director should serve as a member of any one Board committee.
- Oversee the development of executive succession plans.
- Undertake, with the assistance of the other independent members of the Board, the following responsibilities relating to officers:
  - review and approve officer-directors standing for election for outside for-profit boards.

## **Procedures**

- The Committee shall meet regularly, with such additional meetings as the Chair of the Committee deems necessary, and shall report to the Board following regular meetings.
- The Committee shall have the authority to engage, independent counsel and other advisors as it determines appropriate to assist in the full performance of its functions. The Committee will also have the authority to establish the compensation for and terminate outside counsel and other experts and advisors.
- The Committee shall meet regularly with the Corporation's general counsel and/or outside counsel related to governance and nomination procedures of the Corporation.
- The Committee shall undertake an annual performance evaluation of the Committee.
- The Committee shall review the adequacy of this Charter on an annual basis and recommend changes to the Board for approval.