



INTEGRATED SILICON SOLUTION, INC.

**CHARTER OF THE COMPENSATION COMMITTEE**

**OF THE**

**BOARD OF DIRECTORS**

**OF**

**INTEGRATED SILICON SOLUTION, INC.**

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## **PURPOSE:**

The purpose of the Compensation Committee of the Board of Directors (the “**Board**”) of Integrated Silicon Solution, Inc. (the “**Company**”) shall be to discharge the Board’s responsibilities relating to compensation of the Company’s executive officers. The Committee has overall responsibility for approving and evaluating the executive officer compensation plans, policies and programs of the Company and for administering the Company’s equity compensation plans adopted by the Board (the “**Equity Plans**”).

The Compensation Committee shall seek to ensure that the Company structures its compensation plans, policies and programs as to attract and retain the best available personnel for positions of substantial responsibility with the Company, to provide incentives for such persons to perform to the best of their abilities for the Company and to promote the success of the Company’s business. The Compensation Committee is also responsible for approving any required disclosures of the Compensation Committee for inclusion in the Company’s proxy statement.

The Compensation Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board from time to time prescribes.

## **MEMBERSHIP:**

The Compensation Committee will be appointed by and will serve at the discretion of the Board. The Compensation Committee shall consist of at least two members. The members of the Compensation Committee shall meet (i) the non-employee director definition of Rule 16b-3 promulgated by the Securities and Exchange Commission (the “**SEC**”) under Section 16 of the Securities Exchange Act of 1934 (the “**Exchange Act**”), as amended, (ii) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “**IRC**”) and (iii) the independence requirements of the listing standards of the NASDAQ Stock Market.

The members of the Compensation Committee will be appointed by the Board annually and will serve at the discretion of the Board.

## **COMMITTEE RESPONSIBILITIES AND AUTHORITY:**

The responsibilities of the Compensation Committee include the following:

- The Compensation Committee reviews and approves all compensation and benefit plans for the Chief Executive Officer (“**CEO**”) and the other executive officers of the Company, including, without limitation, (a) the annual base salary, (b) incentive bonuses, (c) equity compensation, (d) any employment agreements, severance arrangements, and change in control agreements/provisions and (e) any other benefits, compensation or arrangements. Equity compensation arrangements involving executive officers that are “reporting persons” for purposes of Section 16 of the Exchange Act shall be reviewed and approved by the Compensation Committee to ensure compliance with SEC Rule 16b-3.



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- The Compensation Committee has the authority to review and to make recommendations to the Board with respect to:
  - General compensation goals and guidelines for the Company's employees and the criteria by which bonuses and stock compensation awards to the Company's employees are determined;
  - Amendments to the Equity Plans and changes in the number of shares reserved for issuance there under; and
  - Other plans that are proposed for adoption or adopted by the Company for the provision of compensation to employees of, directors of and consultants to the Company.
- The Compensation Committee acts as the Administrator (as defined in the Equity Plans) of the Company's Equity Plans. In its administration of the Equity Plans, the Compensation Committee may (i) grant stock equity awards to individuals eligible for such grants, (ii) amend such Equity Plans or awards made there under and (iii) take all other actions permitted under the Equity Plans.
- The Compensation Committee approves all equity grants to executive officers of the Company to ensure that such grants comply with Section 162(m) of the IRC.
- The Compensation Committee may form and delegate authority to subcommittees when appropriate.
- The Compensation Committee may authorize the repurchase of shares from terminated employees pursuant to applicable law.
- The Compensation Committee has the authority to retain and terminate any compensation consultant to be used by the Company to assist in the evaluation of the CEO or other executive officer compensation and has authority to approve the consultant's fees and other retention terms. The Compensation Committee also has authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
- The Compensation Committee approves disclosures of the Compensation Committee as required by applicable SEC rules for inclusion in the Company's proxy statement for each annual meeting.
- The Compensation Committee reviews and reassesses the adequacy of this Charter annually and recommends any proposed changes to the Board for approval.
- The Compensation Committee annually reviews its own performance.



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- *Each Compensation Committee member shall be encouraged to attend in person or telephonically at least 75% of all Board and Compensation Committee meetings.*
- *No director shall serve on the Compensation Committee for more than six consecutive years*

#### **MEETINGS:**

The Compensation Committee may establish its own schedule, which it will provide to the Board. It is anticipated that the Compensation Committee will meet approximately six (6) times per year. See Appendix 1 for the annual schedule.

#### **MINUTES:**

The Compensation Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

#### **REPORTS:**

In addition to preparing the report in the Company's proxy statement in accordance with the rules and regulations of the SEC, the Compensation Committee will summarize its examinations and recommendations to the full Board as may be appropriate, consistent with the Compensation Committee's charter.

#### **COMPENSATION:**

Members of the Compensation Committee shall receive per meeting fees, if any, for their service as Compensation Committee members as may be determined by the Board in its sole discretion. Fees may be paid in such form of consideration as is determined by the Board.

Members of the Compensation Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof.



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## APPENDIX 1

**Generally, all Compensation Committee Meetings will be held the first Thursday of every other Month.**

### Meeting Schedule for 2008:

1. February 7, 2008
2. April 3, 2008
3. ~~June 5, 2008~~ June 10, 2008
4. August 7, 2008
5. October 2, 2008
6. December 4, 2008

### Meeting Schedule for 2009 (Approved by Compensation Committee on December 4, 2008):

1. February 5, 2009
2. April 2, 2009
3. ~~June 4, 2009~~ June 11, 2009
4. August 6, 2009
5. October 1, 2009
6. December 3, 2009