

# COMPENSATION COMMITTEE CHARTER

May 20, 2010

## **Role**

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of SRI/Surgical Express, Inc. (the “Company”) to discharge the Board’s duties and responsibilities relating to compensation and various benefit plans of the Company’s directors, executive officers and employees.

## **Composition**

The Committee shall consist of three or more directors, each of whom shall (a) meet the independence requirements of The NASDAQ Stock Market, LLC, (b) qualify as “non-employee directors” as defined under Section 16 of the Securities Act, and (c) qualify as “outside directors” under Section 162(m) of the Internal Revenue Code. Members of the Committee shall be appointed by the Board, and shall serve at the pleasure of the Board and for such term or terms as the Board may determine on the recommendation of the Nomination and Governance Committee.

## **Meetings**

The Committee is to meet at least four (4) times annually and as many additional times as the Committee deems necessary. The Committee Chair will determine or approve the agenda for each meeting.

## **Attendance**

Committee members will use diligent efforts to attend all meetings. As necessary or desirable, the Committee Chair may request that members of management attend Committee meetings.

## **Authority**

The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to obtain advice and assistance, as needed from internal or external legal, accounting or other advisors.

## **Committee’s Duties and Responsibilities**

1. The Committee shall (a) review and discuss with management the Company’s compensation discussion and analysis (“CD&A”) required to be included in the Company’s annual proxy statement or annual report on Form 10-K filed with the Securities and Exchange Commission (“SEC”), and (b) based on such review and discussions, determine whether to recommend to the Board that the CD&A be included in the Company’s annual proxy statement or annual report on Form 10-K filed with the SEC.
2. The Committee shall produce and direct the Company to include in its annual proxy statement or annual report on Form 10-K filed with the SEC a report of the Committee, prepared in accordance with the rules and regulations of the SEC, stating that the Committee has reviewed and discussed the CD&A with management and recommended to the Board its

inclusion in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC.

3. The Committee shall review the description of the Committee's processes and procedures for the consideration and determination of executive and director compensation required by SEC rules and regulations to be included in the Company's annual proxy statement or annual report on Form 10-K to be filed with the SEC.
4. The Committee shall annually review and determine corporate goals and objectives relevant to the executive officers' compensation, evaluate their individual performance in light of these goals and objectives, determine and submit to the full Board for review the amounts of cash compensation for the Company's executive officers.
5. The Committee shall review and provide oversight of the Company's compensation policies, procedures, and philosophy and evaluate matters relating to the compensation and benefits structure of the Company as the Committee deems appropriate, including (i) providing guidance to management on significant issues affecting compensation philosophy or policy, (ii) providing input to management on whether compensation arrangements for Company executives incentivize unnecessary and excessive risk taking, and (iii) reviewing and approving policies regarding Chief Executive Officer and other executive officer compensation.
6. The Committee shall review eligibility criteria and award guidelines for corporate-wide compensation programs in which employees participate, including equity-based compensation programs.
7. The Committee will review the design and management of the various benefit plans that cover the Company's employees.
8. The Committee shall make regular reports to the Board.
9. The Committee shall determine and submit to the full Board for review the amounts of cash compensation for the Company's executive officers, including base salary and annual incentive bonus and will review and recommend to the full Board awards to employees of equity-based compensation.
10. The Committee may form and delegate authority to subcommittees when appropriate.
11. At the Board's request, the Committee shall also report annually to the Board on share/option usage and dilution.
12. In consultation with external compensation specialists or purchased surveys, annually review the competitiveness of the Company's executive and Board compensation programs. In reviewing these programs, the Committee will seek to ensure alignment of the interests of the executive team and Board with the shareholders. The Committee will make recommendation(s) to the Governance and Nominating Committee regarding Board compensation.
13. The Committee shall have the responsibility to comply with applicable requirements as established by the SEC, The NASDAQ Stock Market, LLC, or other governing regulatory authority regarding compensation consultants used to assist in the evaluation of the Chief Executive Officer, other executive officers, or non-employee members of the Board.

14. Annually, evaluate, review and discuss with the Board and officers all identified or suggested plans for career development and/or succession planning for all senior officers of the Company.
15. The Committee shall, on an annual basis, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

**Role of the Chief Executive Officer**

The Chief Executive Officer shall make, and the Committee may consider, recommendations to the Committee regarding the Company's compensation and employee benefit plans and practices. Further, the Chief Executive Officer shall review with the Committee the executive compensation plans, including the incentive-compensation and equity-based plans with respect to executive officers other than the Chief Executive Officer.

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While the members of the Committee are delegated the responsibilities set forth in this Charter, nothing contained herein is intended to create, or should be construed as creating, any legal duty or responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable federal or state law.