

NETLIST, INC.

COMPENSATION COMMITTEE CHARTER

Charter

This charter governs the operations of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Netlist, Inc. (the “Company”). The Committee shall review the adequacy of this charter at least annually and recommend any proposed changes to the Board for its approval, although the Board shall have sole authority to amend this charter. The Company shall make this charter available on its website at www.netlist.com.

Membership of Committee

The Committee shall be composed of at least two directors appointed by the Board. Each such director shall satisfy the applicable independence requirements of The Nasdaq Global Market (“Nasdaq”) or such other exchange on which the Company's securities are traded and the rules and regulations of the Securities and Exchange Commission (the “Commission”) at all times during which the Company's securities are publicly traded. Committee members also shall qualify as “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as in effect from time to time (the “Exchange Act”), and “outside directors” for purposes of Section 162(m) of the Internal Revenue Code, as in effect from time to time (the “Code”).

The Committee shall be appointed by the Board, upon recommendation of the Nominating and Corporate Governance Committee of the Board, if one exists. The chairman of the Committee shall be appointed by the Board. Committee members shall serve until their successors are duly appointed and qualified or until their earlier removal by the Board at any time.

The Committee may form and delegate any of its responsibility to subcommittees as it deems necessary or appropriate in its sole discretion.

Meetings and Consultants

The Committee shall meet as often as it shall determine, but not less frequently than annually. The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain and terminate independent legal counsel, compensation consultants and other experts or consultants (“Consultants”), as it deems appropriate, without seeking approval of the Board or management, including the authority to approve the fees payable to such counsel, experts or consultants and any other term of retention. The Committee may invite such Consultants to attend meetings of the Committee or to meet with any members of the Committee. The Committee also shall have the sole authority to retain and and/or replace, as needed, compensation consultants to provide independent advice to the Committee, and the sole authority to approve such consultants’ fees and other terms and conditions of retention. The Company shall provide for appropriate funding for the payment of administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee may select a compensation consultant, legal counsel or other adviser to the Committee only after taking into consideration all factors relevant to that person’s independence from management, including the following:

- (1) The provision of other services to the Company by the person that employs the

compensation consultant, legal counsel or other adviser;

- (2) The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
- (3) The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- (4) Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
- (5) Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- (6) Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

The Committee shall conduct the independence assessment with respect to any compensation consultant, legal counsel or other adviser that provides advice to the Committee, other than: (i) in-house legal counsel; and (ii) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under item 407(e)(3)(iii) of Regulation S-K: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; or providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the compensation adviser, and about which the compensation advisor does not provide advice.

Nothing herein requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the Committee consider the enumerated independence factors before selecting or receiving advice from a compensation consultant, legal counsel or other compensation adviser. The Committee may select or receive advice from any compensation consultant, legal counsel or other compensation adviser it prefers, including ones that are not independent, after considering the six independence factors outlined above.

Nothing herein shall be construed: (1) to require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Committee; or (2) to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

Purposes of the Committee

The Committee shall discharge the overall responsibility of the Board relating to executive compensation.

Authority and Responsibilities

The Committee shall have the following authority and responsibilities:

- Review and approve the Company's compensation programs and arrangements applicable to its executive officers, including without limitation salary, incentive compensation, equity compensation and perquisite programs, and amounts to be awarded or paid to individual officers under those programs and arrangements, or make recommendations to the Board regarding approval of the same. Without limiting the generality of the foregoing, the Committee shall review and approve all other employment-related contracts, agreements or arrangements between the Company and its officers and all other contracts, agreements or arrangements under which compensatory benefits are awarded or paid to, or earned or received by, the Company's officers, including, without limitation, employment, severance, change of control and similar agreements or arrangements. At such times as the Committee deems appropriate, the Committee shall retain an independent consultant to review executive officer compensation.
- To assist the Board in developing and evaluating potential candidates for executive positions, including the chief executive officer, and to oversee the development of executive succession plans.
- 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 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 set the chief executive officer's annual compensation, including salary, bonus, incentive and equity compensation. The Company's chief executive officer ("CEO") should not be present during voting or deliberations on the CEO's compensation.
- To review and approve on an annual basis the evaluation process and compensation structure for the Company's 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 also shall provide oversight of management's decisions concerning the performance and compensation of other Company officers. As necessary or desirable, the Chairperson of the Committee may invite any director, officer or employee of the Company, or other persons whose advice and counsel are sought by the Committee, to be present at meetings of the Committee, consistent with the maintenance of confidentiality of compensation discussions.
- 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 with respect to the administration of such plans.
- To review executive officer compensation for compliance with Section 16 of the Exchange Act and Section 162(m) of the Code, and other applicable laws, rules and regulations.
- To review and approve non-routine employment agreements, severance arrangements and change in control agreements and provisions when, and if, appropriate, as well as any special supplemental benefits.
- To review and discuss with management on an annual basis the Compensation Discussion and Analysis if required to be included in the Company's annual proxy statement and, based on that review and discussion, recommend to the Board that such Compensation Discussion and

Analysis be included in that proxy statement.

- To review periodically with the Chief Executive Officer the succession plans relating to positions held by elected corporate officers, and to make recommendations to the Board with respect to the selection of individuals to occupy these positions.
- To provide a Committee report as required by the rules and regulations of the Commission.
- To report regularly to the Board on the Committee's activities.
- To perform any other activities consistent with this charter, the Company's certificate of incorporation and by-laws and applicable law, as the Committee or the Board deems appropriate.