

dj Orthopedics, Inc.

Compensation Committee Charter

Status

The Compensation Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of dj Orthopedics, Inc. (the “Company”). The Board adopted this Compensation Committee Charter on February 26, 2004.

Membership

The Committee shall consist of at least three members of the Board each of whom shall (i) meet the independence requirements of the New York Stock Exchange listing standards and any other applicable laws, rules and regulations governing independence, as determined by the Board; (ii) qualify as “non-employee directors” as defined under Section 16 of the Securities Exchange Act; and (iii) qualify as “outside directors” under Section 162(m) of the Internal Revenue Code. Members of the Committee and the Committee Chair shall be appointed by the Board on the recommendation of the Nominating and Governance Committee and may be removed by the Board in its discretion.

Purpose

The Committee is responsible for approving the compensation structure for executive management, making recommendations to the Nomination and Governance Committee for Board compensation, and advising the Board on the adoption of policies that govern the Company’s compensation programs.

Authority

The Committee will 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, and search firms and/or other advisors. The Committee shall have sole authority to retain and terminate a compensation consultant to assist in the evaluation of director, CEO and senior executive compensation, including sole authority to approve the consultant’s fees and other retention terms. Any decision made by the Committee within the scope of the powers and responsibilities delegated to it hereunder shall be made at the Committee’s discretion and shall not require Board approval. The Committee shall have the authority to delegate any or all of its responsibilities to a subcommittee of the Committee, to the extent consistent with the Company’s certificate of incorporation, bylaws, corporate governance guidelines, applicable law and the rules of the New York Stock Exchange.

Responsibilities

Subject to the provisions of the Corporate Governance Guidelines, the Committee shall have the following principal duties and responsibilities:

1. Develop the Compensation Philosophy of the Company and annually review the Philosophy for competitiveness.

2. Annually review and determine corporate goals and objectives relevant to the CEO compensation, evaluate the CEO's performance in light of those goals and objectives and provide a report thereon to the Board.
3. Annually review and approve the salaries, bonus, and other compensation for all corporate officers, provided that, as to the CEO, the Committee will recommend appropriate salary, bonus and other compensation to the Board for approval by the independent directors. The Committee is not precluded from approving or recommending awards as may be required to comply with applicable tax laws, such as Section 162(m) of the Internal Revenue Code.
4. In consultation with external compensation specialists, 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 the board with stockholders. The Committee will make recommendations to the Board regarding Board Compensation.
5. Approve any incentive compensation plans, equity based plans or other compensation plans in which officers and directors are eligible to participate.
6. In consultation with outside counsel, monitor the disclosure regarding compensation matters in the Company's proxy statement. Produce a Committee report on executive compensation for inclusion in the Company's proxy statement.
7. Review and approve compensation packages for new corporate officers and termination packages for corporate officers. Review and approve employment agreements, severance arrangements and change in control agreements and provisions when, and if appropriate.
8. Review and approve awards and grants under the Company's stock option plan currently in effect. Annually report to the Board on share usage and dilution.
9. Conduct an annual review of the Committee's performance, periodically assess the adequacy of its charter and recommend changes to the Board as needed.
10. Regularly report to the Board on the Committee's activities.

Meetings

The Committee shall meet periodically as it deems necessary to fulfill its responsibilities. The Chair (or in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agenda for meeting. The Committee may establish its own rules and procedures for notice and conduct of meetings so long as they are not inconsistent with the Company's bylaws. Attendance at the meetings by directors who are not members shall be at the Committee's discretion, and the Committee may include in its meetings members of Company management or other persons whose presence the Committee believes to be desirable and appropriate. Only Committee members shall have the power to vote on matters coming before the Committee.