

CONOR MEDSYSTEMS, INC.

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

The purpose of the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of CONOR MEDSYSTEMS, INC., a Delaware corporation (the “*Company*”), shall be to act on behalf of the Board in (i) determining and approving the compensation of the Company’s Chief Executive Officer, (ii) reviewing and approving compensation for the Company’s executive officers, (iii) fulfilling the Board’s oversight responsibilities with respect to the Company’s overall compensation policies, plans and programs, and (iv) performing other activities related to the Company’s compensation plans and structure, including preparing and reviewing the Committee report included in the annual proxy statement in accordance with applicable rules and regulations promulgated by the United States Securities and Exchange Commission (the “*SEC*”). The term “compensation” shall include salary, long-term incentives, bonuses, perquisites, equity incentives, severance arrangements and other benefits and any other rights or compensation received under the Company’s benefit plans. The goal of the Company’s compensation policies, plans and programs shall be to attract and retain outstanding officers, directors and employees.

II. COMPOSITION AND MEETINGS

A. Composition. The Committee shall consist of at least two (2) members of the Board. A majority of the members of the Committee shall satisfy the independence requirements of the Nasdaq National Market (“*Nasdaq*”) applicable to compensation committees and members as in effect from time to time when and as required by Nasdaq and no Committee member shall be an employee of the Company and each member shall be free from any relationship that would interfere with the exercise of his or her independent judgment, as determined by the Board. A majority of, and in any event, at least two (2) of the members of the Committee, shall satisfy the “non-employee director” standard within the meaning of Section 16b-3 of the Securities Exchange Act of 1934, as amended from time to time (the “*Exchange Act*”) and subject to the discretion of the Board, the “outside director” standard within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (or any successor to Section 162(m) as in effect from time to time) (the “*Code*”), and income tax regulations promulgated thereunder as in effect from time to time. The members of the Committee shall be appointed by and serve at the discretion of the Board. Vacancies occurring on the Committee shall be filled by the Board. The Committee’s Chairperson shall be designated by the Board or, if it does not do so, the Committee members shall elect a Chairperson by vote of a majority of the full Committee.

B. Meetings. The Committee will hold at least two (2) regular meetings per year and additional meetings as the Committee deems appropriate. Meetings may be called by the Chairperson of the Committee or the Chairman of the Board. Notwithstanding anything to the contrary set forth herein, the Chief Executive Officer may not be present for any portion of any

meeting of the Committee at which the compensation of the Chief Executive Officer is deliberated or voted upon.

III. MINUTES AND REPORTS.

Minutes of each meeting will be kept and distributed to each member of the Committee, members of the Board who are not members of the Committee and the Secretary of the Company. The Chairperson of the Committee will report to the Board from time to time, or whenever so requested by the Board.

IV. AUTHORITY

The Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder. The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. In addition, the Committee shall have authority to retain and terminate any compensation consultant to assist in the evaluation of director or executive officer compensation, including authority to approve such reasonable consultant's fees and other retention terms, all at the Company's expense. The Committee shall recommend to the Board for its approval expenditures for external resources that are expected to be material and outside the ordinary course of the Committee's practices. The Committee may form and delegate authority to subcommittees as appropriate, including, but not limited to, a subcommittee composed of one or more members of the Board to grant stock awards under the Company's equity incentive plans to persons who are not (a) "Covered Employees" under Section 162(m) of the Code; (b) individuals with respect to whom the Company wishes to comply with Section 162(m) of the Code; or (c) then subject to Section 16 of the Exchange Act.

V. RESPONSIBILITIES

The operation of the Committee shall be subject to the Bylaws of the Company as in effect from time to time and Section 141 of the Delaware General Corporation Law. Any action by the Board with respect to any of the matters set forth below shall not be deemed to limit or restrict the authority of the Committee to act under this Charter, unless the Board specifically limits such authority. To implement the Committee's purpose, the Committee shall be charged with the following duties and responsibilities. The Committee may supplement and, except as otherwise required by applicable law or the requirements of Nasdaq, deviate from these activities as appropriate under the circumstances:

1. CEO Compensation. The Committee shall review and approve, in its sole discretion, the salary, bonus, equity compensation and any other compensation and terms of employment of the Company's Chief Executive Officer. In determining the compensation of the Chief Executive Officer the Committee shall consider the Company's short-term and long-term performance goals and metrics to measure achievement of such goals, in light of the Committee's determination of the appropriate means of motivating the Chief Executive Officer. The Committee may consider the Company's performance and relative stockholder return, the

value of similar incentive awards given to chief executive officers of comparable companies and previous awards given to the Company's Chief Executive Officer.

2. Compensation of Executive Officers. The Committee shall review, modify (as needed) and approve the salary levels, bonus plans and structures and payments thereunder and other forms of compensation policies, plans and programs for executive officers of the Company, as appropriate, including, in its discretion:

a. reviewing and approving corporate performance goals, the structure and method for determining the terms of overall executive bonus or other compensatory plans, method of determination of individual goals for executive officers thereunder, and payment of individual executive bonuses to the extent such bonuses contain a discretionary component;

b. reviewing and advising the Board concerning national and industry-wide executive compensation practices and trends to assess the adequacy and competitiveness of the Company's executive compensation programs among comparable companies as well as the appropriateness of such programs; and

c. reviewing and approving the terms of any employment agreements, severance arrangements, change of control protections and any other compensatory arrangements.

3. Overall Company Compensation. The Committee shall review, modify (as needed) and approve the Company's overall compensation plans and structure, including without limitation equity and bonus compensation programs.

4. Independent Director Compensation. The Committee shall recommend to the Board the compensation for independent Board members, including any retainer, Committee and Committee chair fees and/or equity compensation. Such recommendation shall take into account national and industry-wide compensation practices and trends and a comparison of the Company's compensation programs among comparable companies as well as the appropriateness of such programs in light of corporate governance standards and the Committee's determination of the appropriate method of motivating independent Board members.

5. Administration of Plans. The Committee shall have full power and authority to administer the Company's stock option plans, stock appreciation rights plans, pension and profit sharing plans, stock bonus plans, stock purchase plans, bonus plans, deferred compensation plans and similar programs, including the adoption, amendment and termination of such plans and any sub-plans thereof, establishing guidelines, interpreting plan documents, selecting participants, approving grants and awards, exercising such other power and authority as may be permitted or required under such plans or delegating such authority to a subcommittee. Notwithstanding the foregoing, the Board shall retain the right to act on all such matters without limiting the Committee's authority.

6. SEC Report. The Committee shall prepare any report required by the applicable SEC rules and regulations to be included in the Company's annual proxy statement.

7. **Charter.** The Committee shall review, discuss and assess periodically its own performance as well as the Committee's role and responsibilities as outlined in this Charter. The Committee shall submit any suggested changes to the Board for its consideration.

8. **General Authority.** The Committee shall perform such other functions and have such other powers as may be necessary or convenient in the efficient discharge of the foregoing.