

I-FLOW CORPORATION
COMPENSATION COMMITTEE CHARTER

Membership

The Board of Directors (the "Board") of I-Flow Corporation (the "Company") shall maintain a Compensation Committee (the "Committee") of at least two members, consisting entirely of independent directors, and the Board shall designate one member as chair of the Committee (the "Chair"). Each member of the Committee shall be: (i) an "independent" director of the Company in accordance with Nasdaq Marketplace Rule 4200(a)(15); (ii) a "non-employee director" (within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")); and (iii) an "outside director" (within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder).

Purpose

The purpose of the Committee shall be to assist the Board to discharge its responsibilities relating to compensation of the Company's executive officers and directors and such other employee compensation matters as delegated to it by the Board and to prepare the report on executive compensation required by the rules of the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement.

Duties and Responsibilities

In furtherance of the foregoing purposes, the duties and responsibilities of the Committee are to:

- Make recommendations to the Board regarding the corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of such goals and objectives, and recommend the CEO's compensation level to the Board based on such evaluation.
- Make recommendations to the Board regarding the corporate goals and objectives relevant to officer compensation (other than the CEO), evaluate such officers' performance in light of such goals and objectives, and recommend the officers' compensation levels to the Board based on this evaluation. The Committee may, in its sole discretion, permit the CEO to be present during these deliberations.
- Review at least annually director compensation and benefits and, if necessary, make recommendations to the Board regarding changes in director compensation.
- Administer the Company's incentive compensation plans, including its equity-based incentive plans.

- Examine and make recommendations to the Board with respect to the Company's overall compensation structure, policies, and programs, including, without limitation, salary, incentive, stock, deferred, retirement, and health benefits, and assess whether such programs establish appropriate and adequate incentives.
- Make recommendations to the Board regarding the creation, amendment, modification, and termination of the Company's compensation and employee benefit plans.
- Prepare the annual report on compensation for inclusion in the Company's annual proxy statement.
- Annually evaluate the adequacy of this Charter and recommend changes to the Board as necessary.
- Perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee may deem appropriate.

Subcommittees

The Committee may delegate any of the foregoing duties and responsibilities to a subcommittee of the Committee consisting of not less than two members of the Committee.

Meetings

The Committee shall meet, either in person or telephonically, at least one time per year and may meet as frequently as may be determined necessary or appropriate by the Chair of the Committee. The Committee shall meet at the call of the Chair or a majority of the members of the Committee. The presence of a majority of the members of the Committee shall constitute a quorum for the transaction of business. The passage of any resolution of the Committee shall require the affirmative vote of a majority of Committee members.

Procedures fixed by the Committee shall be subject to any applicable provision of the Company's by-laws. Written minutes of each meeting shall be duly filed in the Company records, and reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting.

Outside Advisors

The Committee will have the authority to retain at the expense of the Company such outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions, including sole authority to retain and terminate any compensation consultant used to assist the Committee in the evaluation of director, CEO or senior executive compensation, and to approve the consultant's fees and other retention terms.