

**CHARTER OF THE
COMPENSATION COMMITTEE
OF THE
BOARD OF DIRECTORS OF
LEXAR MEDIA, INC.**

I. PURPOSE AND AUTHORITY:

The purpose of the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Lexar Media, Inc. (the “*Company*”) is to discharge the Board’s responsibilities with respect to all forms of compensation of the Company’s executive officers and directors, to administer the Company’s equity incentive plans, and to produce an annual report on executive compensation for use in the Company’s proxy statement. This Charter sets forth the authority and responsibility of the Committee for approving and evaluating executive officer and director compensation arrangements, plans, policies and programs of the Company, and for administering the Company’s equity incentive plans for employees whether adopted prior to or after the date of adoption of this charter (the “*Stock Plans*”).

II. MEMBERSHIP:

The Committee will consist of not less than three members of the Board, with the exact number being determined by the Board. Each of the members of the Committee will be (i) an “independent director” as defined under the rules of The Nasdaq Stock Market, Inc. (“*Nasdaq*”), as they may be amended from time to time (the “*Rules*”), except as may otherwise be permitted by such Rules, (ii) a “Non-Employee Director,” as defined in Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and (iii) an “outside director” under Regulation Section 1.162-27 promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended.

All members of the Committee will be appointed by, and shall serve at the discretion of, the Board. The Board will select members of the Committee who will be approved by a majority vote of the Board. Committee members will serve during their respective term as a director, subject to earlier removal by a majority vote of the Board. The Board may elect a member of the Committee to serve as the Chair of the Committee. If the Board does not elect a Chair, the members of the Committee may designate a Chair by majority vote of the Committee membership.

III. DUTIES AND RESPONSIBILITIES:

The following shall be the principal duties and responsibilities of the Committee. These items are set forth as a guide, with the understanding that the Committee may supplement them as appropriate and may establish policies and procedures from time to time that it deems necessary or advisable in fulfilling its responsibilities.

1. The Committee will have the authority to determine the form and amount of compensation to be paid or awarded to all employees of the Company. The Committee may delegate authority to subcommittees of the Committee or to executive officers of the Company with respect to compensation determinations for persons who are not executive officers of the Company.

2. The Committee will have the authority to determine the form and amount of compensation to be paid or awarded to the Company's directors, including compensation for service on the Board or on committees of the Board.

3. The Committee will have the sole authority and right, as and when it shall determine to be necessary or appropriate to the functions of the Committee, at the expense of the Company and not at the expense of the members of the Committee, to retain and terminate compensation consultants, legal counsel and other advisors of its choosing to assist the Committee in connection with its functions. The Committee shall have the sole authority to approve the fees and other retention terms of such advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any such advisors employed by the Committee pursuant to this charter.

4. Based, in part, on the evaluation of CEO performance by the Governance and Nominating Committee, the Committee will make and annually review decisions respecting (i) salary paid to the CEO, (ii) the grant of all cash-based bonuses and equity compensation to the CEO, (iii) the entering into or amendment or extension of any employment contract or similar arrangement with the CEO, (iv) any CEO severance or change in control arrangement, and (v) any other CEO compensation matters as from time to time directed by the Board. In determining the long-term incentive component of the CEO's compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at companies that the Committee determines comparable based on factors it selects, and the incentive awards given to the Company's CEO in prior years.

5. The Committee will annually review and approve the corporate goals and objectives relevant to executive officers' compensation. In light of these goals and objectives, the Committee will make and annually review decisions respecting (i) salary paid to the executive officers, (ii) the grant of cash-based bonuses and equity compensation provided to the executive officers, (iii) the entering into or amendment or extension of any employment contract or similar arrangement with the executive officers, (iv) executive officers' severance or change in control arrangement, and (v) any other executive officer compensation matters as from time to time directed by the Board. In determining the long-term incentive component of the executive officer's compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to executive officers at companies that the Committee determines comparable based on factors it selects, and the incentive awards given to the Company's executive officers in prior years.

6. The Committee will annually review and make recommendations to the Board with respect to adoption and approval of, or amendments to, equity-based incentive compensation plans, and the shares and amounts reserved thereunder after taking into consideration the Company's strategy of long-term and equity-based compensation.

7. The Committee will: (i) approve grants of stock, stock options or stock purchase rights to individuals eligible for such grants (including grants in compliance with Rule 16b-3 promulgated under the Exchange Act to individuals who are subject to Section 16 of the Exchange Act); (ii) interpret the Stock Plans and agreements thereunder; and (iii) determine acceptable forms of consideration for stock acquired pursuant to the Stock Plans. The Committee may delegate to the Company's Chief Executive Officer (if the Chief Executive Officer is also a director) the authority to grant options to employees of the Company or of any subsidiary of the Company who are not directors or executive officers with such limitations to such authority as the Committee may impose.

8. The Committee will meet with the CEO within 90 days after the commencement of each fiscal year to discuss the incentive compensation programs to be in effect for the Company's executive officers for such fiscal year and the corporate goals and objectives relevant to those programs.

9. The Committee will periodically review the Company's procedures with respect to employee loans, and will not approve any arrangement in which the Company, directly or indirectly, extends or maintains credit, arranges for the extension of credit or renews an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of the Company. The Committee will assist the Board and management of the Company in complying with this prohibition.

10. The Committee will prepare an annual report on executive compensation to the Company's stockholders for inclusion in the proxy statement for the Company's annual meeting in accordance with the rules and regulations of the Securities and Exchange Commission.

11. The Committee will make regular reports to the Board.

12. The Committee will review this Charter annually and recommend to the Board any changes it determines are appropriate.

13. The Committee will ensure that, at least annually, its performance is reviewed by the Governance and Nominating Committee and a report on its performance is submitted to the Board.

14. The Committee will perform any other activities required by applicable law, rules or regulations, including the rules of the Securities and Exchange Commission and any exchange or market on which the Company's capital stock is traded, and perform other activities that are consistent with this charter, the Company's certificate of incorporation and bylaws, and governing laws, as the Committee or the Board deems necessary or appropriate.

IV. MEETINGS:

Meetings of the Committee will be held from time to time, but no less than quarterly, in response to the needs of the Board or as otherwise determined by the chairman of the Committee. The Committee shall report to the Board from time to time, as requested by the Board and at such other times as determined by the Committee to be appropriate. In accordance with the Bylaws of the Company and in lieu of a meeting, the Committee may also act by unanimous written consent.

V. MINUTES:

The Committee will maintain written minutes of its meetings, and will file such minutes with the minutes of the meetings of the Board.