

**CHARTER OF THE
COMPENSATION COMMITTEE
OF
THE BOARD OF DIRECTORS
OF
NIGHTHAWK RADIOLOGY HOLDINGS, INC.**

PURPOSE:

The purpose of the Compensation Committee of the Board of Directors (the “Board”) of Nighthawk Radiology Holdings, Inc. (the “Company”) shall be to discharge the Board’s responsibilities relating to compensation of the Company’s executives. The Committee has overall responsibility for approving and evaluating the executive officer compensation plans, policies and programs of the Company.

The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s Proxy Statement.

COMMITTEE MEMBERSHIP AND ORGANIZATION:

The Compensation Committee will be appointed by, and will serve at the discretion of, the Board. The Compensation Committee shall consist of at least three members of the Board of Directors. The members of the Compensation Committee shall meet the (i) independence requirements of the listing standards of NASDAQ as defined under applicable NASDAQ rules and (ii) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

COMMITTEE RESPONSIBILITIES AND AUTHORITY:

- The Compensation Committee shall annually review and approve for the CEO and the senior executive officers of the Company (a) the annual base salary, (b) the annual incentive bonus, including the specific goals and amount, (c) equity compensation, (d) employment agreements, severance arrangements, and change in control agreements/provisions, and (e) any other benefits, compensation, or arrangements.
- The Compensation Committee may make recommendations to the Board with respect to incentive compensation plans.
- The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- The Compensation Committee shall annually review its own performance.
- The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used by the Company to assist in the evaluation of CEO or executive officer compensation and shall have sole authority to approve the consultant’s fees and other retention terms. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting, or other advisors.

- The Compensation Committee shall act as Administrator (as defined therein) of the Company's 2004 Stock Plan or any other similar plans. In its administration of the Plan (or plans), the Compensation Committee may (i) grant stock options to individuals eligible for such grants (other than the members of this Committee), and (ii) amend any stock options outstanding under such Plan (or plans). The Compensation Committee shall also make recommendations to the Board of Directors with respect to amendments to Company equity compensation plans and changes in the number of shares renewed under such plans.

MEETINGS:

It is anticipated that the Compensation Committee will meet in person or by phone at least two (2) times each year. The Compensation Committee may establish its own schedule, which it will provide to the Board of Directors in advance. At least once a year, the Compensation Committee will consider stock plans, performance goals and incentive awards, and the overall coverage and composition of the Company's compensation plans.

MINUTES:

The Compensation Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

REPORTS:

In addition to preparing the report in the Company's Proxy Statement in accordance with the rules and regulations of the SEC, the Compensation Committee will summarize its examinations and recommendations to the Board of Directors as may be appropriate, consistent with the Compensation Committee's Charter.

COMPENSATION:

Members of the Compensation Committee shall receive such fees, if any, for their service as Compensation Committee members as may be determined by the Board of Directors in its sole discretion. Such fees may include retainers or per meeting fees. Fees may be paid in such form of consideration as is determined by the Board of Directors.

Members of the Compensation Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board of Directors or any Committee of the Board.

DELEGATION OF AUTHORITY:

The Compensation Committee may form and delegate authority to one or more subcommittees where appropriate.