

True Religion Apparel, Inc. Compensation Committee Charter

The Board of Directors (the “Board”) of True Religion Apparel, Inc. (the “Company”) has established a standing committee to be known as the Compensation Committee (the “Committee”).

Purpose

The purpose of the Committee is to:

- consider matters relating to compensation and perquisites of employees, officers, directors and consultants of the Company;
- review and make recommendations with respect to the compensation of such persons and determine all compensation with respect to the Company’s officers and all Section 16 Insiders of the Company, including the Company’s Chief Executive Officer; and
- administer the Company’s 2004 Stock Option Plan and the 2004 Equity Incentive Plan (the “Plans”).

For purposes hereof, the term “Section 16 Insiders” shall mean an officer or director of the Company subject to the short-swing profit liabilities of Section 16 of the Securities Exchange Act of 1934, as amended.

Authority

To the full extent permitted by applicable law, the Committee shall exercise the following enumerated powers and duties:

- Approve the Company’s compensation policies and all forms of compensation to be provided to Section 16 Insiders, including, among other things, with respect to annual salaries and bonuses, and stock option and other incentive compensation arrangements.
- Review bonus and other compensation arrangements for all non-Section 16 “insiders.”
- Act as the Plan Administrator and Committee under the Plans with the powers and duties enumerated thereunder, including but not limited to administering the Plans with respect to both Section 16 “insiders” and non-Section 16 “insiders,” which shall include, subject to the provisions of the Plans, determining which eligible persons shall participate in such programs and the price, timing, terms and amounts of grants and issuances to be made to such persons thereunder.
- Retain outside counsel, accountants, outside advisors, consultants, or others to assist in the conduct of an investigation or as it determines appropriate to advise or assist in the performance of its functions.
- Seek any information it requires from employees or external parties. Employees and external parties will be directed to cooperate and comply with the Committee’s requests.

- Meet with Company officers, external auditors, or outside counsel, as necessary.

Composition

The Committee shall be composed of such number of directors as may be appointed by the Board, but shall have at least three members, each of whom shall meet the independence requirements of the NASDAQ rules and the rules of the Securities and Exchange Commission, as determined by the Board. Such members shall be outside directors who are independent of Company management and in a better position to provide the independent point of view crucial to this Committee's effectiveness.

The Board shall appoint the members of the Committee to serve until their successors have been duly designated and shall appoint one member to serve as the chair of the Committee.

Meetings

The Committee shall meet as often as may be deemed necessary or appropriate in its judgment, either in person or telephonically, and at such times and places as the Committee shall determine, such meetings to be called by the chair or at least two other members of the Committee. The Committee shall make regular reports to the Board with respect to its activities.

The Committee may adopt rules for its meetings and activities. In the absence of any such rules, Committee actions shall be governed by the Company's bylaws and applicable law. In all cases, a quorum of the Committee shall be a majority of the persons then serving as members of the Committee. Minutes shall be regularly kept of the Committee's proceedings, by a person appointed by the Committee to do so.