

**CHARTER FOR THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS
OF NATUS MEDICAL INCORPORATED**

PURPOSE:

The purpose of the Compensation Committee established pursuant to this charter is to assume oversight responsibility for and approve the executive compensation policies and strategies of Natus Medical Incorporated (the “Company”). The Compensation Committee has overall responsibility for approving and evaluating the executive officer compensation plans, policies and programs of the Company and for reviewing the Company’s general policies relating to compensation and benefits.

The Compensation Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board of Directors from time to time prescribes.

MEMBERSHIP AND ORGANIZATION:

The Compensation Committee shall consist of a minimum of two (2) non-employee directors of the Company as is determined by the Board of Directors. The members of the Compensation Committee are appointed by and serve at the discretion of the Board of Directors.

The Compensation Committee shall be composed of at least two (2) outside directors as defined with respect to Section 162(m) of the Internal Revenue Code of 1986, as amended. The members of the Compensation Committee shall also meet (i) the non-employee director definition of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended; and (ii) the independence requirements of the listing standards of The Nasdaq Stock Market.

The members of the Compensation Committee will be appointed by the Board of Directors on the recommendation of the Nominating Committee.

RESPONSIBILITIES AND AUTHORITY: The responsibilities and/or authority of the Compensation Committee include:

- Providing guidance with respect to general compensation goals and philosophies for the Company’s employees at all levels, including general performance and measurement guidelines for the determination of bonuses and other forms of incentive compensation;
- Annually reviewing and approving of the compensation benefits, including compensation criteria and incentives, of the Chief Executive Officer and executive officers of the Company;
- Reviewing and making recommendations from time to time to the Board of Directors regarding general equity and cash compensation incentives for the outside directors on the Board of Directors;
- Acting as administrator of the Company's equity incentive plans. In its administration of the plans, the Compensation Committee may, pursuant to authority delegated by the Board of Directors (i) grant stock options or stock purchase rights to individuals eligible for such grants (including grants to individuals subject to Section 16 of the Securities Exchange Act of 1934 in compliance with Rule 16b-3 promulgated thereunder) and in accordance with procedures and guidelines as may be established by the Board of Directors, and (ii) amend such stock options or stock purchase rights. The Compensation Committee shall also make recommendations to the Board of Directors with respect to amendments to the plans and changes in the number of shares reserved for issuance thereunder;

- Reviewing and making recommendations to the Board of Directors regarding other plans that are proposed for adoption or adopted by the Company for the provision of compensation to employees of, directors of and consultants to the Company;
- Preparing an annual report (to be included in the Company's proxy statement) on executive compensation;
- Authorizing the repurchase of shares from terminated employees pursuant to applicable law.
- Forming and delegating authority to subcommittees when appropriate;
- Making regular reports to the Board of Directors;
- Reviewing and reassessing the adequacy of this Charter annually and recommending any proposed changes to the Board of Directors for approval; and
- Annually reviewing 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 Chief Executive Officer 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.

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.