

**CHARTER OF THE
COMPENSATION COMMITTEE OF
INTERNATIONAL RECTIFIER CORPORATION**

1. PURPOSE

The purpose of the Compensation Committee (the "Committee") of International Rectifier Corporation (the "Company") is to help to ensure that the executive officers of the Company and its subsidiaries are compensated in a manner consistent with the compensation strategy of the Company determined by the Board of Directors (the "Board"), treatment of all executive officers in an equitable and consistent manner, the Company's need to compete in recruiting and retaining qualified executive officers, and the requirements of the appropriate regulatory bodies. The Committee shall also communicate to the stockholders the compensation policies of the Company and the method for establishing compensation for the Chief Executive Officer ("CEO") and the other executive officers of the Company. To carry out this purpose, the Committee shall:

- (1) Review and approve corporate goals and objectives relevant to compensation of the executive officers.¹
- (2) Evaluate the performance of the executive officers in light of those goals and objectives.¹
- (3) Determine and approve the compensation level of the executive officers based on this evaluation.^{1,2}
- (4) Make recommendations to the Board with respect to incentive-compensation plans and equity-based plans.³

¹ *As to the CEO, these provisions are expressly required by NYSE Rule 303A.05(a)(i). For other executive officers, the NYSE rules permit the board to retain authority to make final determinations subject to the recommendations of the Committee. Rule 303A.05(b)(i)(B).*

² *CEO compensation must be determined either by the Committee or, at the direction of the Board, by the independent directors. In the latter case, add "Together with the other independent directors" at the beginning of this sentence. In no event may the CEO or any non-independent director participate in determining the compensation of the CEO. NYSE Rule 303A.05(a)(i)(A).*

³ *While such recommendations are not binding, Item 402(k)(3) of Regulation S-K will require the Company to disclose in the next proxy statement or Annual Report on Form 10-K the rejection or modification of any Committee recommendation by the Board, along with an explanation of the reason for the changes signed by all members of the Board.*

2. COMMITTEE MEMBERSHIP AND ORGANIZATION

The Committee shall be comprised of no fewer than three members. Each member of the Committee shall be “independent” as defined by the rules of the New York Stock Exchange (“NYSE”) and the Securities and Exchange Commission (“SEC”). In addition, each member shall be a “Non-employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 and shall satisfy the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code. Each member shall be free of any relationship that, in the opinion of the Board, would interfere with his or her individual exercise of independent judgment. The members of the Committee shall be appointed and replaced by the Board. The Board shall appoint one of the members as Chair.

This Committee shall communicate with and work closely with the Board.

3. COMMITTEE RESPONSIBILITIES AND AUTHORITY

To carry out its purposes expressed in Paragraph 1 above, the Committee shall have the following responsibilities and authority. Delegation by the Board of responsibilities to the Committee shall not preclude the Board from taking any action permitted to be taken under governing law, rules or regulations applicable to the Company, provided that the Committee shall have sole authority to retain and terminate any consulting firm used to assist in the evaluation of director, CEO or senior executive compensation, including sole authority to approve the consulting firm's fees and other retention terms.

(1) Review from time to time and approve the Company's compensation strategy to ensure that management is rewarded appropriately for its contributions to Company growth and profitability and that the executive compensation strategy supports Company objectives and stockholder interests.

(2) Determine all elements of compensation for the executive officers.⁴

(3) Determine the long-term incentive component of compensation for the executive officers based on a consideration of the Company's performance and relative shareholder return, the value of similar incentive awards to executive officers of comparable companies, and the awards each executive officer has received in past years.⁵

⁴ *The NYSE rules require the Committee (or the independent directors) to have complete authority to determine CEO compensation, but as noted in footnote 1, compensation of other executive officers and employees may be recommended by the Committee, with final authority exercised by the Board.*

⁵ *A compensation committee is expressly required to consider these three factors in determining the CEO's long-term incentive compensation under NYSE Rule 303A.05.*

(4) Annually review the performance of the CEO and the executive officers of the Company, and report on the Committee's review to the Board and the CEO.

(5) Produce the annual Board Compensation Committee Report to Stockholders on the factors and criteria on which the compensation for the CEO and other executive officers in the last year was based, to be included in the Company's proxy statement for its annual meeting or Annual Report on Form 10-K filed with the SEC.

(6) Develop the Company's incentive compensation strategy with respect to the total number of incentive awards to be granted, the relative participation of senior management and other employees, and the types of awards to be granted.

(7) Recommend and approve, subject to submission to stockholders when appropriate, all new equity-related incentive plans

(8) Determine eligibility for awards under the Company's incentive compensation plans and the terms under which awards are granted.

(9) Allocate awards under the Company's incentive compensation plans[, provided that the Committee may delegate to the CEO or another executive officer the authority to allocate stock options among employees who are not executive officers, subject to applicable law and the limits and guidelines established by the Committee].

(10) Assure that the Company's executive incentive compensation program, including the annual and long-term incentive plans, is administered in a manner consistent with the Company's incentive compensation strategy.

(11) Approve annual retainer and meeting fees for directors and members of Board committees, including expense reimbursement limits and per diem allowances, and fix the terms and awards of stock compensation for members of the Board.

(12) Review with the CEO matters relating to management succession.

(13) Review the Company's employee benefit programs and approve changes subject, where appropriate, to stockholder or Board approval.

(14) Obtain advice, assistance, reports or opinions from internal or external legal, accounting or other advisors, including consulting firms, to assist in the evaluation of director, CEO or senior executive compensation.

(15) Form and delegate authority to subcommittees, or delegate authority to members, when appropriate, provided that such subcommittees will be composed exclusively of members of this Committee and will operate pursuant to a published charter.⁶

(16) Review and re-examine this Charter at least annually and make recommendations to the Board with respect to any proposed changes.

(17) Annually report to the full Board regarding its own performance against the responsibilities outlined in this Charter and as otherwise established by the Board.⁷

(18) Such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board of Directors of the Company or the Chairman of the Board of Directors, or as designated in compensation plan documents.

4. MEETING AND MINUTES

(1) The Committee will meet at least twice annually and will also meet, as required, in response to the needs of the Board and as necessary to fulfill their responsibilities.

(2) The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

⁶ *Any subcommittee must be composed exclusively of independent directors and must have a published charter under the Commentary to Rule 303A.05.*

⁷ *An annual self-evaluation is required by NYSE Rule 303A.05(b(ii)).*