

Point.360

COMPENSATION COMMITTEE CHARTER

Purpose

The purposes of the Compensation Committee (the "Committee") of the board of directors (the "Board") of Point.360 (the "Corporation") are:

- To discharge the Board's responsibilities relating to compensation of the Corporation's directors and executive officers, as provided hereunder;
- To review and recommend to the Board compensation plans, policies and benefit programs for employees generally;
- To prepare a report on executive compensation if required to be included in the Corporation's annual proxy statement; and
- To administer the Corporation's Equity Incentive Plans.

Composition and Term of Office

- The Committee will consist of not fewer than two members, each of whom (1) satisfies the independence requirements of the NASDAQ Stock Market, (2) is an "outside" director" as defined in Section 162(m) of the Internal Revenue Code and rules and regulations thereunder, and (3) is a "non-employee director" as defined in Rule 16b-3 under the Securities Exchange Act of 1934.
- One member shall serve as Chairman of the Committee. The members of the Committee shall serve one-year terms, and shall be appointed by the Board annually on the day of the Annual Meeting of Shareholders or on such other date as the Board shall determine. Members of the Committee may be removed or replaced by the Board.

Committee Meetings - Operating Principles

- The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities, but in any case, at least once each year.
- Meetings of the Committee may be called as needed by the Chairman of the Committee.
- The Chairman will preside, when present, at all meetings of the Committee. The Committee may meet by telephone and may take action by written consent.

- The Committee shall have the sole right to retain and terminate compensation consultants to assist in the evaluation of director, CEO or executive officer compensation, including the sole authority to approve the consultant's fees and other retention terms.
- The Committee shall have the authority to obtain advice and assistance from any officer or employee of the Corporation or from any outside legal expert or other advisor.
- The Committee may request that members of management or outside consultants and advisors of the Committee, be present to assist the Committee in performing its duties.
- Minutes of each meeting will be kept and distributed to the entire Committee.
- The Committee may form, and where legally permissible may delegate authority to, subcommittees when the Committee deems it appropriate or desirable to facilitate the operation or administration of the plans or programs. Where legally permissible, the Committee may also delegate authority to committees consisting of employees when the Committee deems it appropriate or desirable for the efficient administration of employee compensation and benefit plans.

Compensation/Employee Benefits Responsibilities

The Committee shall perform the following functions:

- Provide oversight and guidance for compensation and benefit philosophy for all employees of the Corporation.
- Review corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and recommend to the Board for determination the CEO's compensation level based on this evaluation. The CEO shall not be present at a Committee meeting during voting or deliberations on the CEO's compensation.
- Review and recommend to the Board for determination other significant terms of employment for the CEO.
- Review and make recommendations to the Board regarding the compensation, including base salary and incentive awards and other significant terms of employment, for individuals reporting directly to the CEO and any other Section 16 officer of the Corporation.
- Approve the grant of options pursuant to the Corporation's Equity Incentive Plans.
- Exercise any fiduciary, administrative or other function assigned to the Committee under any of the Corporation's health, benefit or welfare plans.

Other Responsibilities

- Report regularly to the Board regarding the Committee's actions and make recommendations to the Board as appropriate.
- Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- Prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement, as applicable.
- Take such further actions or provide such further advice as the full Board may from time to time delegate to the Committee.