

# MASIMO CORPORATION

## COMPENSATION COMMITTEE CHARTER

### **Purpose**

The purpose of the Compensation Committee (the “*Committee*”) is to oversee the Company’s compensation programs. The Committee will provide this oversight through a process that supports the Company’s business objectives. In undertaking these responsibilities, the Committee will take into account factors it deems appropriate from time to time, which may include the Company’s business strategy, the risks to the Company and its business implied by its executive compensation and incentive programs and awards, and the results of any stockholder advisory votes with respect thereto.

To this end, the Committee will (i) establish, oversee and administer the Company’s employee compensation policies and programs, (ii) review and approve compensation and incentive programs and awards for the Company’s executive officers and the non-employee members of the Company’s Board of Directors (the “*Board*”), (iii) administer the Company’s equity compensation plans, and (iv) perform other tasks related to compensation at the Company.

### **Appointment, Membership and Organization**

The Committee will be made up of at least two (2) independent members of the Board. The Committee members are appointed by the Board. The Board decides the exact number of Committee members and can at any time remove or replace a Committee member. The Board will also make all determinations regarding satisfaction of the membership requirements described below.

Each member of the Committee will be “independent” in accordance with the rules and regulations of the Securities and Exchange Commission (the “*SEC*”) and the rules of The NASDAQ Stock Market LLC (the “*NASDAQ*”) and a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended. At least two (2) of the Committee members will qualify as “outside directors” under Section 162(m) of the Internal Revenue Code of 1986, as amended. The Committee will comply with all applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the SEC and the NASDAQ.

Unless the Chair of the Committee is elected by the Board, the members of the Committee will designate a chair by the majority vote of the full Committee membership. The Board or the Committee may change the Chair at any time.

### **Responsibilities and Authority**

The Committee’s main responsibility is to oversee and determine compensation matters. The Committee believes that the Company’s policies and procedures should remain flexible in order to best react to changing conditions and circumstances. The following list includes the Committee’s main recurring processes in carrying out its responsibilities. This list is intended as a guide, with the understanding that the Committee can modify or supplement it as appropriate, consistent with the requirements of the SEC and the NASDAQ.

Subject to the foregoing, the Committee will:

1. Review and approve the Company's general compensation strategy.
2. Establish annual and long-term performance goals for the Company's executive officers.
3. Conduct and review with the Board an annual evaluation of the performance of the Company's executive officers.
4. Consider the competitiveness of the compensation of the Company's executive officers.
5. Review and approve all salaries, bonuses, equity awards, perquisites, post-service arrangements, and other compensation and benefit plans for the Company's Chief Executive Officer and all other executive officers. The Company's Chief Executive Officer shall not be present during voting or deliberations regarding his or her compensation.
6. Review and approve the terms of any offer letters, employment agreements, termination agreements or arrangements, change-in-control agreements, indemnification agreements and other material agreements between the Company, on the one hand, and any of its executive officers, on the other.
7. Act as the administering Committee for the Company's stock and bonus plans and for any equity or cash compensation arrangements that may be adopted by the Company from time to time, with such authority and powers as are set forth in the respective instruments establishing such arrangements, including establishing performance metrics, determining bonus payouts and granting equity awards to employees and executive officers.
8. Provide oversight for the Company's overall compensation plans and benefit programs.
9. Review and approve compensation programs as well as salaries, fees, bonuses and equity awards for the non-employee members of the Board.
10. Review and discuss with management the annual Compensation Discussion and Analysis (the "**CD&A**") disclosure and the related tabular presentations regarding named executive officer compensation and, based on this review and discussion, recommend including the CD&A disclosure and related tabular presentations in the Company's annual public filings, as required.
11. Oversee and approve the annual Committee Report to be included in the Company's annual public filings.
12. Oversee risks and exposures associated with executive compensation programs and arrangements, including incentive plans.
13. Review and assess the adequacy of this Charter at least once per year and make recommendations to the Board regarding any proposed changes.
14. Review annually the Committee's own performance against responsibilities outlined in this Charter and as otherwise established by the Board.

The Committee has the power to investigate any matter brought to its attention, with full access to all the Company books, records, facilities and employees.

The Committee shall have the authority, in its sole discretion, to retain and terminate (or obtain the advice of) any legal or other adviser to assist it in the performance of its duties, but only after taking into consideration factors relevant to the adviser's independence from management specified in NASDAQ Listing Rule 5605(d)(3). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee, and shall have sole authority to approve the adviser's fees and the other terms and conditions of the adviser's retention. Any legal or other adviser so retained shall report directly to the Board or the Committee, as directed by the Committee. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.

### **Responsibilities and Authority of the Committee Chairperson**

The Chair of the Committee will be responsible for (i) coordinating and monitoring executive sessions of the Board concerning matters relating to executive compensation, (ii) acting as principal liaison with the Chairperson of the Board and the Company's Chief Executive Officer concerning matters relating to executive compensation, and (iii) determining the nature and quantity of information provided to the independent members of the Board by the Company's management, including information specifically requested by the Chair of the Committee.

### **Meetings and Minutes**

The Committee will keep minutes of each of its meetings.

Unless the Board or this Charter provides otherwise, the Committee can make, alter or repeal rules for the conduct of its business. In the absence of these rules, the Committee will conduct its business in the same way the Board conducts its business.

### **Delegation of Authority**

The Committee may form and delegate authority to subcommittees if the Committee determines this is appropriate.

### **Amendment; Waiver; Interpretation**

This Charter is intended to serve as a framework within which the Committee may act with respect to the matters contemplated herein. It is not intended to and shall not create a set of legally binding obligations on the Board, the Committee or the Company. The Board may amend this Charter, or any portion of it, at any time as it determines necessary or appropriate.

*Adopted: October 29, 2015*