

CHARTER FOR THE COMPENSATION COMMITTEE

ALLIANCE SEMICONDUCTOR, INC.

Adopted December 10, 2006

1. PURPOSE

The purpose of the Compensation Committee of the Board of Directors (the “*Board*”) of Alliance Semiconductor, Inc. (the “*Company*”) shall be to: provide oversight of the Company’s compensation policies, plans and benefits programs; assist the Board in discharging its responsibilities relating to (a) oversight of the compensation of the Company’s Chief Executive Officer (the “*CEO*”) and other executive officers (including officers reporting under Section 16 of the Securities Exchange Act of 1934), and (b) approving and evaluating the executive officer compensation plans, policies and programs of the Company; and assist the Board in administering the Company’s equity compensation plans for its executive employees.

The compensation programs for the Company shall be (a) designed to attract, motivate and retain talented employees responsible for the success of the Company, (b) determined within a competitive framework and (c) based on the achievement of the Company’s overall financial results and individual contributions.

In furtherance of these purposes, the Compensation Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

2. MEMBERSHIP AND ORGANIZATION

Composition. All Compensation Committee members shall be appointed by, and shall serve at the discretion of, the Board. The Compensation Committee shall consist of no fewer than two members of the Board, each of whom shall satisfy the independence requirements of the current rules of the SEC and stock exchange. The Board may designate one member as its chair. The Compensation Committee may form and delegate authority to subcommittees when appropriate. Members of the Compensation Committee must meet the following criteria:

- (a) the independence requirements of the NASDAQ Stock Market, Inc.;
- (b) the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended; and
- (c) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

Meetings and Reports. The Compensation Committee will meet as often as may be deemed necessary or appropriate, in its judgment, in order to fulfill its responsibilities.

They may meet either in person or telephonically. They will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. The CEO may not be present during voting or deliberations regarding CEO compensation in the Executive Compensation meetings.

Compensation. Members of the Compensation Committee who are not inside Directors shall receive such fees, if any, for their service as Compensation Committee members as may be determined by the Board in its sole discretion.

3. RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Compensation Committee shall include:

Executive Compensation Committee:

- (a) annually reviewing and approving: (i) the annual base salary, (ii) the annual incentive bonus, including the specific goals and amount, (iii) the stock awards, (iv) the stock option awards, (v) the non-equity incentive plan compensation, (vi) the pension plan and all deferred compensation awards, (vii) all other compensation and benefits. This applies to the Principal Executive Officer and the Principal Financial Officer, currently the CEO and CFO of the Company. One of the objectives shall be to use compensation to align the interests of the executive officers with the long-term interests of the Company's stockholders, thereby incentivizing management to increase stockholder value;
- (b) reviewing and approving corporate goals and objectives relevant to the compensation of the executive officers, including the CEO, evaluating their performance in light thereof, and considering factors related to the performance of the Company, including accomplishment of the Company's long-term business and financial goals;
- (c) evaluating on a periodic basis, the competitiveness of the compensation of the CEO and the executive officers of the Company;

Related Duties and Authority

- (a) ensuring that SEC Rule 33-8732A regarding Executive Compensation and Related Person Disclosure is enforced and followed. This includes oversight over:
 - proper definition of named executive officers
 - Compensation Discussion & Analysis (CD&A) for Form 10-K purposes
 - Summary compensation tables and underlying supporting compensation tables
 - 8-K disclosures regarding material compensation changes
 - Related persons disclosures, and disclosure of the policies for the review, approval, or ratification of transactions with related parties

- Proper disclosures are filed with the SEC and that such disclosures are covered by the executive certifications required under the Sarbanes-Oxley Act of 2002.
- (b) furnishing a report to the SEC stating whether the Compensation Committee has reviewed and discussed the CD&A with management, and has recommended to the Board of Directors that the CD&A be included in the Company's annual report on Form 10-K and in the Proxy or information statement, as applicable.
- (c) identifying the independent directors and director nominees based on the definition of independence in the listing standards applicable to the Company.
- (d) Sufficient processes and procedures for the consideration and determination of executive and director compensation including (i) the scope of authority of the Compensation Committee and (ii) the extent to which the Compensation Committee may delegate authority to other persons, specifying what authority may be delegated and to whom the authority may be delegated.
- (e) periodically reviewing this Charter and its processes and recommending any proposed changes to the Board of Directors;
- (f) consulting with the Human Resources Department and, when appropriate, with outside consultants to assist in the evaluation of executive officer compensation and approving the consultant's fees and other retention terms. If hiring outside consultants, the Compensation Committee must disclose (i) the name of each consultant, (ii) whether the consultants were engaged directly by the Compensation Committee, (iii) the nature and scope of their assignments, and (iv) the material elements of the instructions or directions given to the consultants with respect to performance of their duties. The Compensation Committee may also obtain advice and assistance from internal or external legal, accounting or other advisors; and
- (g) producing a report on executive compensation for inclusion in the Company's annual proxy statement that complies with the rules and regulations of the Securities and Exchange Commission and any other applicable rules and regulations. Such report must include:
- Salary and bonus
 - Dollar-value of stock awards
 - Fair value of stock options or stock appreciation rights
 - Non-equity incentive plan payouts
 - Change in pension value and nonqualified deferred compensation
 - All other compensation
 - Total compensation

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