

PLATO Learning, Inc.
Compensation Committee Charter

Purpose

The Compensation Committee of the Board of Directors is organized pursuant to Section 3.13 of Article III of the By-laws of the Company, and shall have a solid understanding of the role of compensation in attracting, motivating and retaining senior executives in particular and all employees in general. The Committee will assist the Board in fulfilling its fiduciary responsibilities relating to the fair and competitive compensation of the non-employee directors, executives and other key employees of the Company, and in connection with the administration of the general employee welfare plans of the Company.

Organization

The Compensation Committee is comprised of a minimum of three (3) directors, as determined by the Board of Directors, each of whom shall be “Independent Directors” (as defined in Exhibit A of the Company’s Corporate Governance Guidelines). In addition, all members of the Committee shall have additional independence standards applicable to them, in order to grant share based compensation to officers and directors of the Company by satisfying the requirements for “non-employee directors” under Exchange Act Rule 16b-3(b)(3) and “outside directors” for purposes of Section 162(m) of the Internal Revenue Code, (as defined in Exhibit A of the Company’s Corporate Governance Guidelines). In addition to the Committee members, the Chief Executive Officer and/or the Company’s senior Human Resources executive will function as Management Representatives, and will attend all meetings, except those during voting and deliberations dealing with his/her own or the Chief Executive Officer’s compensation, and except those when the Compensation Committee determines their attendance is not appropriate.

The Committee members and its chairman will be recommended by the Nominating & Governance Committee of the Board and will be appointed by the Board. The Board may fill vacancies on the Committee and may remove a Committee member from the membership of the Committee at any time with or without cause.

The Committee shall have authority to retain consultants of its selection to advise it with respect to the Company’s salary and incentive compensation and benefits programs.

The Committee members will be indemnified by the Company to the maximum extent provided under Delaware law.

Meetings

The Compensation Committee shall meet when scheduled by the Committee Chairman and/or the Chief Executive Officer and/or as circumstances dictate. A majority of the members of the Compensation Committee shall constitute a quorum for any meeting. Any action of a majority of the members of the Compensation Committee present at any meeting at which a quorum is present; or any action of the Committee if all of the Committee members have executed a written action in which the action is filed with the Corporate Secretary, shall be an action of the Compensation Committee.

Responsibilities

The responsibilities of the Compensation Committee are to:

1. Charter Review. Update this Charter periodically, as conditions dictate.
2. Evaluations and Compensation for CEO and Other Executive Officers. Review and approve goals and objectives for the Chief Executive Officer (“CEO”) and consider the evaluations of the CEO conducted by the Board of Directors against such goals and objectives. Consider the evaluations of the other executive officers conducted by the CEO. Review and approve the annual compensation philosophy for the CEO and the other executive officers. Set the compensation programs, including salary, target bonus, short and long-term incentive awards, equity awards, deferred compensation, perquisite/fringe benefits, and other forms of compensation. In setting such compensation programs, review the compensation practices of comparable companies, coordinate such programs with the goal of ongoing effectiveness, and seek to set the appropriate financial performance measures, targets and goals for each program. Report to the Board on the foregoing annual compensation philosophy and compensation programs.
3. Board of Directors Compensation. Review and recommend to the Board any changes to the components and amount of compensation for the Board of Directors. The Committee’s recommendations regarding director compensation shall be reviewed by the Company’s human resources department or outside consultants prior to presentation and Board approval.
4. Comparative Group of Companies. Select and review comparative group of companies to be used in Executive and Board of Directors compensation review.
5. Employee Plans. Review, approve and report to the Board when materially modifying any compensation programs that yield payments and benefits that are not reasonably related to the employees performance and that have a material cost impact to the Company or, to the extent required by law, have a significant impact to employees, including: a) fringe benefit programs (e.g. 401(k) and profit share), b) employee equity plans, and c) Employee Stock Purchase Plan.
6. Executive Agreements. Review, approve and report to the Board with input from the CEO, all newly hired executives’ offer packages and new and existing executives’ employment, severance, change-in-control and indemnity agreements.
7. Equity Awards. Review and approve grants of stock options, stock settled SARs, restricted stock, and other forms of stock that are issued under all stock plans, and set grant timing and practices for approving grants.
8. CD&A and Other SEC filings. Prepare an annual Compensation Discussion and Analysis, and Compensation Committee report to be included in the company’s Annual Report on Form 10-K or proxy and information statement filed, as required by the SEC.
9. Committee Evaluations. Conduct an annual performance evaluation of the Committee.
10. Minutes. Prepare minutes of the Compensation Committee meetings containing information regarding actions, discussions and decisions taken at the meeting and submit to the Board of Directors at their next Board meeting.