

Rosetta Stone Inc.

Compensation Committee Charter

Last Updated and Approved on November 14, 2018

Purpose

The Compensation Committee (the “**Compensation Committee**”) of the Board of Directors (the “**Board**”) of Rosetta Stone Inc. (the “**Company**”) is a standing committee appointed by the Board whose purpose is to (i) discharge the Board’s responsibilities relating to the compensation of the Company’s Chief Executive Officer (the “**CEO**”) and other non-CEO executive officers (the “**Executive Officers**”), taking into consideration, among other factors, any stockholder vote on compensation; (ii) consider, recommend, administer, and implement the Company’s compensation plans, policies, and programs, including incentive-compensation plans and equity-based plans; (iii) oversee and assist the Company in preparing the Compensation Discussion & Analysis (the “**CD&A**”) for inclusion in the Company’s proxy statement and/or annual report on Form 10-K; and (iv) provide for inclusion in the Company’s proxy statement a description of the processes and procedures for the consideration and determination of executive officer and director compensation. The Compensation Committee has full authority to determine and approve the compensation of the Executive Officers and to make recommendations to the Board with respect to the compensation of the CEO and Board. The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement and/or annual report.

Committee Membership

The Compensation Committee shall consist of no fewer than three members of the Board. The members of the Compensation Committee shall meet the independence requirements of the New York Stock Exchange (the “**NYSE**”), any rules and regulations of the U.S. Securities and Exchange Commission (the “**SEC**”), and any additional applicable laws or requirements as the Board may deem appropriate. All members of the Compensation Committee shall also qualify as “nonemployee directors” within the meaning of Rule 16b-3 promulgated under the Securities and Exchange Act of 1934, as amended (the “**Exchange Act**”), and “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “**Code**”). A Board member may not serve on the Compensation Committee if any Executive Officer of the Company serves on the board of directors of a company that employs such Board member as an executive officer.

The members of the Compensation Committee shall be appointed annually by the Board, and the Board shall designate one of the members as the Chairperson. Vacancies on the Compensation Committee shall be filled by the Board, and committee members may be removed (with or without cause) and replaced by the Board, but all such vacancy fills and replacements shall be made on the recommendation of the Corporate Governance and Nominating Committee. A member of the Compensation Committee may resign by giving written notice to the Board, and may resign membership on the Compensation Committee without resigning from the Board. The Board may designate one or more independent directors of the Company as alternate members of the Compensation Committee, who may replace any absent or disqualified Compensation Committee member at any meetings.

Committee Structure and Operations

The Chairperson shall be responsible for leadership of the Compensation Committee, including preparing the meeting agendas, making committee assignments, and reporting for the Compensation Committee to the Board at its next regularly scheduled meeting following a meeting of the Compensation Committee.

The Compensation Committee shall meet in person, telephonically or by videoconference as often as necessary, but at least quarterly, to carry out its duties and responsibilities. The Chairperson shall call and preside at each meeting of the Compensation Committee and, in the absence of the Chairperson, one of the other members of the Compensation Committee shall be designated by the other members present at the meeting as the acting chair of the meeting. All meetings of the Compensation Committee shall be governed by the same rules regarding notice, quorum, and voting requirements as are applicable to the Board. The Compensation Committee may invite to meetings such officers of the Company or other persons as the Compensation Committee deems necessary or appropriate in its discretion. Written minutes of the meetings of the Compensation Committee in the form approved at the immediately following regular meeting shall be duly filed in the Company records. The Compensation Committee may form and delegate authority to one or more subcommittees as it deems necessary or advisable from time to time, *provided*, that any such subcommittee shall report any actions taken by it to the full Compensation Committee at its next regularly scheduled meeting. The Compensation Committee shall fix any additional rules or procedure as it deems necessary or advisable consistent with this Charter, the bylaws of the Company, the NYSE Listed Company Manual, and the laws of the State of Delaware.

The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant (to be used to assist in the evaluation of director, CEO, or Executive Officer compensation or performance of any other duties of the Compensation Committee), independent legal counsel, or other advisers (each, a “*Compensation Adviser*”). The Compensation Committee shall be directly responsible for the appointment, compensation and oversight of the work of the Compensation Adviser; provided, however, that the Compensation Committee shall select a Compensation Adviser (other than in-house legal counsel) only after taking into consideration all factors relevant to the Compensation Adviser’s independence, including the factors specified in the NYSE Listed Company Manual and any applicable rules and regulations of the SEC, which include:

- the provision of other services to the Company by the person that employs the Compensation Adviser;
- the amount of fees received from the Company by the person that employs the Compensation Adviser, as a percentage of that person’s total revenue of the person that employs the Compensation Adviser;
- the policies and procedures of the person employing the Compensation Adviser that are designed to prevent conflicts of interest;
- any business or personal relationship of the Compensation Adviser with a member of the Compensation Committee;
- any stock of the Company owned by the Compensation Adviser; and
- any business or personal relationship of the Compensation Adviser or the person employing the Compensation Adviser with an executive officer of the Company.

In performing its duties, the Compensation Committee shall have full access to the Company’s senior management and employees and all of the Company’s books, records, and facilities. The Company shall provide funding, as determined by the Compensation Committee, for payment of reasonable compensation to any Compensation Adviser retained or resources used by the Compensation Committee, as well as reasonable ordinary administrative expenses of the Compensation Committee that are necessary or appropriate in carrying out its duties.

Committee Powers, Authority, Duties and Responsibilities

In addition to such other duties as the Board may from time to time assign to the Compensation Committee or as may be required by applicable law or regulation, the Compensation Committee shall do the following:

1. The Compensation Committee shall annually (i) review and approve corporate goals and objectives relevant to CEO and Executive Officer compensation, (ii) evaluate the performance of the CEO (with the Corporate Governance and Nominating Committee) and Executive Officers in light of the corporate goals and objectives, and, (iii) on the basis of such evaluation, either as a committee or together with the other independent directors (as directed by the Board), determine and approve the CEO's and Executive Officers' compensation level based on this evaluation and in accordance with any applicable employment agreement then in effect (and with respect to the CEO, recommend such compensation level to the Board). To the extent such compensation is set forth in an employment agreement, such employment agreement, and any material amendments to such agreement, will be subject to the review and approval of the Compensation Committee. In determining the appropriate long-term incentive component of the CEO's and Executive Officers' compensation, the Compensation Committee shall consider the Company's performance and relative stockholder return, the value of similar compensation payable, including incentive awards, to chief executive officers and executive officers at comparable companies, the awards given to the CEO and Executive Officers in past years, any stockholder vote on compensation and such other factors as the Compensation Committee deems necessary or advisable. The CEO and Executive Officers shall not be present during voting or deliberations relating to their respective compensation.
2. The Compensation Committee shall annually, and at the time of any new CEO hire, review, approve and recommend to the Board, subject to employment agreements existing at the time of such review, the following with respect to the CEO (a) the annual base salary amount, (b) annual bonus arrangements, if any, (c) any options and other equity-based compensation, (d) any deferred or long-term incentive compensation (including cash-based and equity-based awards and opportunities), (e) any employment agreements, severance arrangements, and change-in-control and similar agreements or provisions, and any amendments, supplements, or waivers to the foregoing agreements or provisions, in each case, as, when, and if deemed necessary or advisable by the Compensation Committee, and (f) any perquisites or other special or supplemental benefits, including retirement benefits and perquisites provided to such persons during and after employment with the Company, all in accordance with applicable law, rules and regulations, and to the extent appropriate or necessary to comply with any federal securities or tax law requirements, such as Rule 16b-3 of the Exchange Act or Section 162(m) of the Code.
3. The Compensation Committee shall annually, and at the time of any new Executive Officer hire, review, determine and approve, subject to employment agreements existing at the time of such review, the following with respect to the Executive Officers of the Company, (a) the annual base salary amounts, (b) annual bonus arrangements, if any, (c) any options and other equity-based compensation, (d) any deferred or long-term incentive compensation (including cash-based and equity-based awards and opportunities), (e) any employment agreements, severance arrangements, and change-in-control and similar agreements or provisions, and any amendments, supplements, or waivers to the foregoing agreements or provisions, in each case as, when, and if deemed necessary or advisable by the Compensation Committee, and (f) any perquisites or other special or supplemental benefits, including retirement benefits and perquisites provided to such persons during and after employment with the Company, all in accordance with applicable law, rules and regulations, and to the extent appropriate or necessary to comply with any federal

securities or tax law requirements, such as Rule 16b-3 of the Exchange Act or Section 162(m) of the Code.

4. The Compensation Committee shall annually (i) review and evaluate the compensation and benefits of non-employee directors (for service on the full Board and Board committees), including Board and committee retainers, meeting fees, awards under any incentive compensation plans or equity-based compensation plans and the adoption of any such plans applicable only to directors as the Compensation Committee may consider appropriate, and (ii) recommend to the Board changes to such compensation, as appropriate. The Compensation Committee shall consider the compensation payable to directors at comparable companies and any other factors it deems necessary or appropriate in making recommendations to the Board with respect to the compensation of directors.
5. The Compensation Committee shall review the Company's executive compensation policies and plans and shall consider, recommend, administer, and implement the Company's incentive compensation plans and equity-based plans in which the CEO, and the Executive Officers and other employees of the Company and its subsidiaries participate, including, but not limited to, (a) approving option grants and restricted stock or other awards, (b) interpreting the plans, (c) determining rules and regulations relating to the plans, (d) modifying or canceling existing grants or awards, (e) determining the number of shares underlying grants and awards to directors, officers and other employees and (f) imposing limitations, restrictions, and conditions upon any grant or award as the Compensation Committee deems necessary or advisable and in accordance with applicable law.
6. The Compensation Committee shall annually review and recommend to the Board any changes with respect to any existing compensation plans of the Company (including incentive compensation plans and equity-based plans) and annually assess the desirability of proposing, and make recommendations to the Board with respect to, any new compensation plans (including incentive compensation plans and equity-based plans) and any increase in shares reserved for issuance under existing equity-based plans.
7. The Compensation Committee shall monitor the Company's compliance with applicable laws and regulations affecting compensation and benefits matters, including (a) overseeing policies on structuring compensation programs to preserve tax deductibility, (b) overseeing compliance with the requirements of the Sarbanes-Oxley Act of 2002 relating to 401(k) plans and loans to directors and officers of the Company, (c) overseeing compliance with the NYSE Listed Company Manual regarding stockholder approval of equity-based compensation plans, with limited exceptions, (d) as required, establishing performance goals, certifying that performance goals have been obtained and such other appropriate actions as required for purposes of Section 162(m) of the Code, and (e) overseeing compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (more commonly referred to as "Dodd-Frank").
8. The Compensation Committee shall assist the Company in preparing the CD&A for inclusion in the Company's proxy statement and/or annual report on Form 10-K (as well as other Company reports, as necessary). The Compensation Committee shall provide a description of the processes and procedures for the consideration and determination of executive and director compensation, as required for inclusion in the Company's proxy statement, all in accordance with applicable rules and regulations. The Compensation Committee shall review and discuss with the Company's management the CD&A to be included in the Company's annual proxy statement, and determine whether to recommend to the Board that the CD&A be included in the Company's annual report on form 10-K filed with the SEC.

9. The Compensation Committee shall prepare an annual Compensation Committee Report on executive compensation, as required by the applicable rules and regulations of the SEC and the NYSE Listed Company Manual, for inclusion in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC.
10. The Compensation Committee shall review and make recommendations to the Board regarding all new employment, consulting, retirement and severance agreements and arrangements proposed for the Company's executive officers. The Compensation Committee also shall periodically evaluate existing agreements with the Company's executive officers for continuing appropriateness.
11. The Committee shall be responsible for determining officer and director stock ownership guidelines and monitoring compliance with such guidelines.
12. The Compensation Committee shall review and make recommendations to the Board regarding a "clawback" policy for compensation based on financial results of the Company, in accordance with the standards of the NYSE, any applicable rules and regulations of the SEC and any other applicable laws regarding clawback policies.
13. The Committee shall review annually health, welfare and retirement benefit programs and policies that cover the employees of the Company.
14. The Compensation Committee shall meet at least annually to review incentive compensation arrangements and compensation of all employees, including non-executive officers, to confirm that such arrangements do not encourage unnecessary risk-taking and determine whether any disclosure is required in connection with Item 402(s) of Regulation S-K, and shall report the results thereof to the Board.
15. The Compensation Committee shall make regular reports to the Board, including a report to the Board at the next regularly scheduled meeting following a meeting of the Compensation Committee.
16. The Compensation Committee shall annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
17. The Compensation Committee shall annually review its own performance in light of the duties and responsibilities set forth in this Charter and such other matters as the Compensation Committee may deem necessary and appropriate in its discretion, and report the results of this performance review to the full Board.
18. The Compensation Committee shall have such other authority and responsibilities as may be assigned to it from time to time by the Board or as may be required by applicable law or regulation, and shall perform any other activities consistent with this Charter, the Company's bylaws, the NYSE Listed Company Manual, and the laws of the State of Delaware as the Compensation Committee or the Board deems necessary or appropriate.

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As the above listed tasks and focus areas may not be relevant to all of the matters and tasks that the Compensation Committee may consider and act upon from time to time, the members of the Compensation

Committee in their judgment and within the bounds of any applicable law, rule, or regulation may determine the relevance of and attention that those items should receive in any particular context.

This Charter, as may be amended from time to time, shall be posted on the Company's website. The Company shall state in its annual proxy statement that this Charter is available on the Company's website and provide the website address.