

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
EDUCATE, INC.
ADOPTED AS OF SEPTEMBER 20, 2004**

I. FORMATION AND PURPOSE OF THE COMMITTEE

The Board of Directors (the “Board”) of Educate, Inc., a Delaware corporation (the “Corporation”), has established the Compensation Committee (the “Committee”) pursuant to Section 141 of the Delaware General Corporation Law and Article III, Section 11 of the By-Laws of the Corporation.

The purposes of the Committee shall be to (a) oversee the Corporation’s compensation and employee benefit plans and practices, including its executive compensation plans and its incentive-compensation and equity-based plans, and (b) produce a Committee report on executive compensation as required by the Securities and Exchange Commission (“SEC”) to be included in the Corporation’s annual proxy statement or annual report on Form 10-K filed with the SEC. For the purposes of this Charter, the term “officer” shall have the meaning set forth in Rule 16a-1 of the Exchange Act (as defined below).

To the extent not otherwise in conflict with any statutory or regulatory requirement, the Committee shall provide general oversight and advice to management on executive compensation programs as such programs apply to executives of the Corporation or executives of subsidiaries of the Corporation who, in each instance, have the title of vice president or above. The Committee shall provide specific oversight and advice on executive compensation programs as such programs apply to officers as defined in Rule 16a-1 of the Exchange Act.

II. COMPOSITION OF THE COMMITTEE

The Committee shall consist of three or more directors, as determined from time to time by the Board, based on the recommendations of the Nominating and Corporate Governance Committee of the Board (the “Nominating Committee”). Each member of the Committee shall be (i) an “independent director” as defined in Rule 4200(a) of the National Association of Securities Dealers, Inc. Marketplace Rules for The Nasdaq Stock Market (the “Nasdaq Rules”), as such rule may be modified or supplemented, (ii) be a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, in each case, as amended (collectively, the “Exchange Act”), (iii) be an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), and (iv) meet any additional requirements that the Board deems appropriate; provided that in accordance with the transition periods provided for in Nasdaq Marketplace Rule 4350(a)(5), until 90 days have passed from the consummation

of the Corporation's initial public offering up to two members of the Committee are not required to be "independent directors," and until one year has passed from the consummation of the Corporation's initial public offering one member of the Committee is not required to be an "independent director."

The chairperson of the Committee shall be designated by the Board, *provided* that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson.

Any vacancy on the Committee shall be filled by majority vote of the Board and no member of the Committee shall be removed except by majority vote of the Board, in each case based on the recommendations of the Nominating Committee.

III. MEETINGS AND PROCEDURES OF THE COMMITTEE

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than two times annually. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; *provided, however*, that no subcommittee shall consist of fewer than two members; and *provided further* that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

Meetings and actions of the Committee shall be governed by, and held and taken in accordance with, the provisions of the Corporation's By-Laws, with such changes in the context of those By-Laws as are necessary to substitute the Committee, the chairperson of the Committee and its members for the Board of Directors, the Chairman of the Board and its members. The Committee shall maintain minutes of its meetings and records relating to those meetings and shall report regularly to the Board on its activities, as appropriate.

IV. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

A. *Executive Compensation*

The Committee shall have the following duties and responsibilities with respect to the Corporation's executive compensation plans:

(a) To review at least annually the goals and objectives of the Corporation's executive compensation plans, including any equity incentive compensation plans, and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate.

(b) To review at least annually the Corporation's executive compensation plans, including any equity incentive compensation plans, in light of the Corporation's goals and objectives with respect to such plans, and, if the Committee deems it appropriate, adopt, or recommend to the Board the adoption of, new, or the amendment of existing, executive compensation plans.

(c) To evaluate annually the performance of the Chief Executive Officer in light of the goals and objectives of the Corporation's executive compensation plans, and determine and approve, or recommend to the Board for its approval, the Chief Executive Officer's compensation level based on this evaluation. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee shall consider all relevant factors, including, but not limited to, the Corporation's performance and relative stockholder return, the value of similar awards to chief executive officers of comparable companies, and the awards given to the Chief Executive Officer of the Corporation in past years. The Committee may discuss the Chief Executive Officer's compensation with the Board if it chooses to do so.

(d) To evaluate annually the performance of the other officers of the Corporation in light of the goals and objectives of the Corporation's executive compensation plans, and determine and approve, or recommend to the Board for its approval, the compensation of such other officers. To the extent that long-term incentive compensation is a component of such officer's compensation, the Committee shall consider all relevant factors in determining the appropriate level of such compensation, including, but not limited to, the factors applicable with respect to the Chief Executive Officer.

(e) To evaluate annually the appropriate level of compensation for Board and Committee service by non-employee members of the Board.

(f) To review and approve any employment agreement or any severance or termination agreement, or any material perquisite or other personal benefit arrangements, between the Corporation (or any of its subsidiaries) and any officer. The Committee also shall review and approve any employment agreement between the Corporation (or any of its subsidiaries) and any individual in which the annual compensation exceeds \$500,000.00, regardless of position involved.

(g) To perform such duties and responsibilities as may be assigned to the Committee under the terms of any executive compensation or stock option plan or assigned to the Board under the terms of any such plan and delegated to the Committee by the Board.

(h) To produce a Committee report on executive compensation as required by the SEC to be included in the Corporation's annual proxy statement or annual report on Form 10-K filed with the SEC and any other reports on executive compensation as may be required under applicable securities laws and regulations, as well as those of applicable securities exchanges.

(i) To perform such other specific functions as the Board may from time to time direct.

B. General Compensation and Employee Benefit Plans

The Committee shall have the following duties and responsibilities with respect to the Corporation's general compensation and employee benefit plans, including incentive and equity-based plans:

(a) To review at least annually the goals and objectives of the Corporation's general compensation plans and other employee benefit plans, including incentive and equity-based plans, and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate.

(b) To review at least annually the Corporation's general compensation plans and other employee benefit plans, including incentive-compensation and equity-based plans, in light of the goals and objectives of these plans, and recommend that the Board amend these plans if the Committee deems it appropriate.

(c) To review all equity compensation plans to be submitted for stockholder approval under the Nasdaq listing standards, and to review and, in the Committee's sole discretion, approve all equity compensation plans that are exempt from such stockholder approval requirement.

(d) To the extent desired or required under the terms of the applicable plan, review and approve awards of stock or stock options pursuant to any of the Corporation's executive compensation, incentive compensation or equity-based plans and perform such duties and responsibilities as may be assigned to the Committee under the terms of the Corporation's executive compensation, incentive-compensation or equity-based plans, or other employee benefit plans or assigned to the Board under the terms of any such plan and delegated to the Committee by the Board.

V. EVALUATION OF THE COMMITTEE

The Committee shall, on an annual basis, evaluate its performance. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and shall recommend such changes as it deems necessary or appropriate. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and

whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Corporation's or the Board's policies or procedures.

VI. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Corporation's expense, such independent counsel or other consultants or advisers as it deems necessary. The Committee shall have the sole authority to retain or terminate any compensation consultant to assist the Committee in carrying out its responsibilities, including sole authority to approve the consultant's fees and other retention terms, such fees to be borne by the Corporation.

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While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable federal or state law.