

ADOBE SYSTEMS

Charter for the Executive Compensation Committee of the Board of Directors

I. PURPOSE

This Charter specifies the scope of the responsibilities of the Executive Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Adobe Systems (the “Company”) and the manner in which those responsibilities shall be performed, including its structure, processes and membership requirements.

The primary purpose of the Committee is to discharge the Board’s responsibilities relating to compensation and benefits of the Company’s Chief Executive Officer, officers of the Company who are designated by the Board as “officers” for purposes of Section 16 of the Securities Exchange Act of 1934 and the rules and regulations promulgated pursuant thereto (collectively, with the Chief Executive Officer, the “officers”), and other senior management, as appropriate, including responsibility for evaluating and reporting to the Board on matters concerning management performance, officer compensation, benefits plans and programs. In carrying out these responsibilities, the Committee shall review all components of officer compensation for consistency with the Company’s compensation philosophy as in effect from time to time.

The Committee is also responsible for providing oversight of the Company’s overall compensation plans and benefit programs and performing other activities related to the Company’s compensation plans and structure, including preparing the annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with applicable rules and regulations.

II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS

The Committee shall be composed of at least three (3) Independent Directors. “Independent Director” means a person other than (i) an officer or employee of the Company or its subsidiaries or (ii) any other individual having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities as a Committee member, as defined by applicable regulatory bodies. Independent Directors shall meet the independence criteria established by the rules of Nasdaq. For a period not to exceed two years, a single non-Independent Director may serve on the Committee pursuant to an “exceptional and limited circumstances” exception as provided under the rules of NASDAQ.

The members shall be appointed by the Board and shall serve until their successors are duly elected and qualified or their earlier resignation or removal. Any member of the Committee may be replaced by the Board. The Committee may delegate duties or responsibilities to subcommittees or to one member of the Committee from time to time, as appropriate.

A majority of the members present shall represent a quorum of the Committee, and any action approved by at least a majority of the members shall represent the valid action of the Committee.

III. MEETINGS

The Committee shall meet as often as it deems appropriate to review the compensation of the officers and other senior management, as appropriate, of the Company, and otherwise perform its duties under this charter.

The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

To fulfill its responsibilities and duties, the Committee shall:

1. Review and approve, by Independent Directors only, all compensation for the Chief Executive Officer, other officers, and other senior management, as appropriate, including but not limited to, incentive-based and equity-based compensation.
2. Review and approve, equity-based compensation grants for other employees and consultants of the Company, other than stock option grants to employees approved by a Board authorized management committee comprised of one or more officers of the Company.
3. Review and approve annual performance objectives and goals relevant to the Chief Executive Officer, other officers, and other senior management, as appropriate, and evaluate the performance of the Chief Executive Officer in light of these goals and objectives.
4. Approve all employment, severance, or change-in-control agreements, special or supplemental benefits, or provisions including the same, applicable to officers, and other senior management, as appropriate.
5. Periodically review both regional and industry-wide compensation practices and trends in order to assess the adequacy and competitiveness of the Company's executive compensation programs among comparable companies in the Company's industry.
6. Provide oversight of the Company's overall compensation plans and benefit programs. The Committee shall also make recommendations to the Board with respect to improvements or changes to such plans or the adoption of new plans when appropriate.
7. Have the authority to obtain assistance from benefits consultants, legal counsel, accounting or other advisors as needed to provide independent advice with respect to current or proposed executive compensation and benefit programs, and to determine the retention terms of and fees paid to such consultant or advisor. Such consultants and advisors shall report directly to the Committee unless otherwise instructed by the Committee. The fees and costs of such consultant or advisor shall be borne by the Company.
8. Perform such other functions and have such other powers as may be necessary or convenient to the efficient discharge of the foregoing, including the formation and delegation of authority to subcommittees when appropriate.
9. Make regular reports to the Board of Directors regarding the foregoing.
10. Review and reassess the adequacy of this Charter as appropriate and recommend any proposed changes to the Board for approval.