

**MACROMEDIA, INC.**

**CHARTER OF THE  
COMPENSATION COMMITTEE OF THE  
BOARD OF DIRECTORS**

**Adopted by the Board of Directors  
January 21, 2003**

**I. Purpose and Authority**

The purpose of the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Macromedia, Inc. (the “*Company*”) is to discharge the Board’s responsibilities relating to the compensation of the Company’s executives. The Committee’s principal functions are as follows:

- *Executive and Other Compensation.* The Committee will establish and maintain compensation policies applicable to the Company’s executive officers, including specific performance goals and related awards for executive officers, and will from time to time make recommendations to the Board regarding all other employee compensation policies of the Company.
- *Stock Plan Administration.* The Committee will supervise the Company’s administration of its equity incentive plans for employees whether adopted prior to or after the date of adoption of this charter (the “*Stock Plans*”), including, among other things, interpreting, modifying and amending the Stock Plans and agreements thereunder, and approving the issuance of awards thereunder to executive officers.
- *Compensation Committee Report.* The Committee will prepare an annual report on executive compensation for inclusion in the Company’s annual meeting proxy statement.

The Committee will fulfill these functions primarily by carrying out the activities enumerated in Part IV of this charter.

The Committee shall have the sole authority and right, as and when it shall determine to be necessary or appropriate to the functions of the Committee, at the expense of the Company and not at the expense of the members of the Committee, to retain and terminate compensation consultants, legal counsel and other advisors of its choosing to assist the Committee in connection with its functions. The Committee shall have the sole authority to approve the fees and other retention terms of such advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any such advisors employed by the Committee pursuant to this charter.

## **II. Membership**

All members of the Committee will be appointed by, and shall serve at the discretion of, the Board. Unless a chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall consist of two or more members of the Board, with the exact number being determined by the Board. Each member of the Committee shall be (i) “independent” as defined by the rules of The Nasdaq Stock Market, as they may be amended from time to time (the “*Rules*”), except as may otherwise be permitted by such Rules; (ii) “non-employee directors”, as defined in Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and (iii) “outside directors” as defined under Section 162(m) of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

## **III. Meetings**

Meetings of the Committee shall be held from time to time, as needed, as determined by the Board or the Committee. In lieu of a meeting, the Committee may also act by unanimous written consent resolution. Minutes shall be kept of each meeting of the Committee, and copies of the minutes will be provided to each member of the Committee for review.

## **IV. Duties and Responsibilities**

The principal processes of the Committee in carrying out its oversight responsibilities are set forth below. These processes are set forth as a guide with the understanding that the Committee may supplement them as appropriate and may establish policies and procedures from time to time that it deems necessary or advisable in fulfilling its responsibilities.

1. The Committee will review and approve the compensation arrangements, including annual salary, bonus, stock options and other benefits, direct or indirect, for all executive officers of the Company, and for such other officers of the Company as the Board may direct. The Committee will review the operation of the Company’s executive compensation programs on a periodic basis and approve appropriate modifications to such programs. The Committee may commission any necessary studies or surveys concerning the levels of executive compensation payable in the industry in which the Company is engaged and in other related industries and obtain recommendations from outside consultants concerning competitive pay programs, as appropriate.
2. The Committee will review and approve the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of these goals and objectives, and set the compensation of the Chief Executive Officer based on this evaluation. In determining the long-term incentive component of the compensation of the Chief Executive Officer, the Committee shall consider the Company’s performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the Company’s CEO in the past.

3. The Committee will review and make recommendations to the Board regarding the general compensation guidelines for the Company's employees.
4. The Committee will supervise the Company's administration of and make recommendations to the Board regarding the Stock Plans. The Committee will:  
(i) approve grants of stock, stock options or stock purchase rights to individuals eligible for such grants (including grants in compliance with Rule 16b-3 promulgated under the Exchange Act with respect to individuals who are subject to Section 16 of the Exchange Act); (ii) interpret the Stock Plans and agreements thereunder; and (iii) determine acceptable forms of consideration for stock acquired pursuant to the Stock Plans. The Committee shall also make recommendations to the Board with respect to amendments to the Stock Plans and changes in the number of shares reserved for issuance thereunder. The Committee shall also review and make recommendations to the Board regarding new Stock Plans that are proposed for adoption.
5. The Committee may delegate to the Company's Chief Executive Officer the authority to grant options to employees of the Company or of any subsidiary of the Company who are not directors or executive officers, provided that no option grant exceeds 250,000 shares or any other limit subsequently established by resolution of the Board of Directors. The Committee has currently delegated such responsibility pursuant to an Action by Unanimous Written Consent dated as of November 6, 2001.
6. The Committee will periodically review the Company's procedures with respect to employee loans, and will not approve any arrangement in which the Company, directly or indirectly, extends or maintains credit, arranges for the extension of credit or renews an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of the Company. The Committee will assist the Board and management of the Company in complying with this prohibition.
7. At least annually, the members of the Committee will conduct a review of the Committee's performance.
8. The Committee will prepare an annual report on executive compensation to the Company's stockholders for inclusion in the proxy statement for the Company's annual meeting in accordance with the rules and regulations of the Securities and Exchange Commission (the "**SEC**").
9. The Committee will meet with the Company's Chief Executive Officer at the beginning of each fiscal year to discuss the incentive compensation programs to be in effect for the Company's executive officers during such fiscal year and the corporate goals and objectives relevant to those programs.
10. The Committee will maintain minutes of all Committee meetings and report to the Board on significant matters related to the Committee's responsibilities.
11. The Committee will review and reassess the adequacy of the Committee's charter at least annually and recommend any changes to the Board for approval.

12. The Committee will perform any other activities required by applicable law, rules or regulations, including the rules of the SEC and any exchange or market on which the Company's capital stock is traded, and perform other activities that are consistent with this charter, the Company's certificate of incorporation and bylaws, and governing laws, as the Committee or the Board deems necessary or appropriate.