

SYLVAN LEARNING SYSTEMS, INC.

**COMPENSATION COMMITTEE OF THE
BOARD OF DIRECTORS**

CHARTER

Organization and Operation

This Charter governs the activities of the Compensation Committee (the “*Committee*”). The Committee shall be comprised of at least three members of the Board of Directors, each of whom is determined by the Board of Directors to be “independent” under the rules of NASDAQ. Additionally, no director may serve on the Committee unless he (1) is a “Non-employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (2) satisfies the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code.

The members of the Committee shall be appointed by a majority vote of the entire Board of Directors, and each shall serve until his or her successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

Unless a Chair is elected by the Board of Directors, the members of the Committee shall designate a Chair by majority vote of the members of the Committee. The Chair shall preside at all regular sessions of the Committee and set the agenda for each Committee meeting. The Chairman of the Board of Directors or the Chair of the Committee may call a meeting of the Committee. The Committee shall make and retain complete and accurate minutes of its meetings.

Formal action to be taken by the Committee shall be by unanimous written consent or by the affirmative vote of a majority of the Committee members present (in person or by conference telephone) at a meeting at which a quorum is present. A quorum shall consist of at least one-half of the members of the Committee. Any non-management member of the Board of Directors may, at his or her option, attend a meeting of the Committee but shall not be counted in determining the presence of a quorum and shall not be entitled to vote.

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to one or more subcommittees of the Committee.

Meetings

The Committee shall hold meetings as deemed necessary or desirable by the Chair of the Committee. In addition to such meetings of the Committee as may be required to perform the functions described under “Responsibilities and Duties” below, the Committee shall meet at least **semiannually**. The Committee should meet at least annually with the Corporation’s Chief Executive Officer and such other senior executives as the Committee deems appropriate.

However, the Committee should meet periodically in executive session without the presence of management.

Responsibilities and Duties

The Committee discharges the Board of Directors' responsibilities relating to compensation of the Corporation's executive officers and produces an annual report on executive compensation for inclusion in the Corporation's proxy statement. The Committee approves the design of, assesses the effectiveness of, and administers executive compensation programs in furtherance of the interests of the stockholders. The Committee has the responsibility and authority to oversee and review the Corporation's overall programs of employee compensation and benefits as well as the Corporation's policies and terms and conditions applicable to its employees. The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the sole authority to approve the fees payable to such counsel or other experts and all other terms of retention.

The following shall be the principal recurring duties of the Committee in carrying out its responsibilities:

- Review and approve corporate goals and objectives relevant to the base and incentive compensation of the Chief Executive Officer; evaluate the performance of the Chief Executive Officer in light of those goals and objectives; and establish the level of the Chief Executive Officer's compensation base and incentive compensation based on this evaluation.
- Approve the recommended base and incentive compensation made by the CEO of the Corporation's other executive officers.
- Review and make recommendations to the Board of Directors with respect to existing or proposed incentive compensation and equity-based compensation plans for all employees, as well as any severance policies.
- Administer the Corporation's stock option and employee stock purchase plans and any other equity-based plans that may be established in the future.
- Prepare the compensation committee report required to be included in the proxy statement for the Corporation's annual meeting of stockholders.
- Regularly report to the Board of Directors on the Committee's activities.
- Review and recommend to the Board of Directors, or approve, any contracts or other transactions with current or former executive officers of the Corporation, including consulting arrangements, employment contracts, severance or termination arrangements and loans to employees made or guaranteed by the Corporation.

- Periodically review and make recommendations to the Board of Directors with respect to the Corporation's overall program of employee compensation and benefits and its policies and terms and conditions applicable to its employees.
- Review the Committee's performance of its responsibilities and duties, at least annually and review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers appropriate.

ADOPTED ON APRIL 3, 2004