



CLEARONE, INC.

COMPENSATION COMMITTEE CHARTER

A. Purpose and Authority

The Compensation Committee (the “**Committee**”) of the Board of Directors of ClearOne, Inc. (the “**Company**”) is appointed by the Board of Directors (the “**Board**”) to discharge the Board’s responsibilities:

- with respect to all forms of compensation of the Company’s Executive Officers;
- to administer the Company’s equity incentive plans; and
- if required, to produce an annual report on executive compensation for use in the Company’s proxy statement as required by the rules and regulations of the Securities and Exchange Commission.

The Committee will fulfill these functions primarily by carrying out the activities enumerated in Part IV of this Charter. This Charter sets forth the authority and responsibility of the Committee for approving and evaluating Executive Officer compensation arrangements, plans, policies and programs of the Company, and for administering the Company’s equity incentive plans for employees whether adopted prior to or after the date of adoption of this Charter (the “**Stock Plans**”). In order to serve these functions, the Company will provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board for payment of (a) compensation to any advisers employed by the Committee in connection with its functions and (b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

B. Membership

The Committee will consist of not less than three (3) members of the Board, with the exact number being determined by the Board. Each of the members of the Committee will be (i) an “Independent Director” as defined under 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) a “Non-Employee Director,” as defined in Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and (iii) an “outside director” under Regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended. All members of the Committee will be appointed by, and shall serve at the discretion of, the Board.

The Board will select members of the Committee who will be approved by a majority vote of the Board. Committee members will serve during their respective term as a director, subject to earlier removal by a majority vote of the Board. The members of the Committee may designate a chair by majority vote of the Committee membership.

C. Meetings

Meetings of the Committee will be held from time to time in response to the needs of the Board or as otherwise determined by the Chairman of such Committee and shall provide written reports to the Board. The Committee shall meet at least four (4) times per year. In lieu of a meeting, the Committee may also act by unanimous written consent.

D. Responsibilities and Duties

The principal duties of the Committee in carrying out its oversight responsibilities are set forth below. These duties 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 have the authority to determine the form and amount of compensation to be paid or awarded to all employees of the Company. The Committee may delegate authority to subcommittees of the Committee or to executive officers of the Company, particularly the President and CEO, with respect to compensation determinations for persons who are not Executive Officers of the Company. The Committee will determine the employees designated as Executive Officers.
2. The Committee will annually review and approve the corporate goals and objectives relevant to CEO compensation and evaluate the CEO performance in light of these goals and objectives. Based on this evaluation, the Committee will make, and annually review, decisions respecting (i) salary paid to the CEO, (ii) the grant of all cash-based bonuses and equity compensation to the CEO, (iii) the entering into, or amendment or extension of, any employment contract or similar arrangement with the CEO, (iv) any CEO severance or change in control arrangement, and (v) any other CEO compensation matters as from time to time directed by the Board. In determining the long-term incentive component of the CEO’s compensation, the Committee may consider the Company’s performance and relative shareholder return, the value of similar incentive awards to chief executive officers at companies that the Committee determines comparable based on factors it selects, and the incentive awards given to the Company’s CEO in prior years. The CEO may not be present during any voting or deliberations by the Committee on his or her compensation.

3. The Committee will annually review and approve the corporate goals and objectives relevant to all Executive Officers' compensation. The Committee will determine the eligible Executive Officers. In light of these goals and objectives, the Committee will make, and annually review, decisions respecting (i) salary paid to the Executive Officers, (ii) the grant of cash-based bonuses and equity compensation provided to the Executive Officers, (iii) the entering into, or amendment or extension of, any employment contract or similar arrangement with the Executive Officers, (iv) Executive Officers' severance or change in control arrangement, and (v) any other Executive Officer compensation matters as from time to time directed by the Board. In determining the long-term incentive component of the Executive Officers' compensation, the Committee may consider the Company's performance and relative shareholder return, the value of similar incentive awards to Executive Officers at companies that the Committee determines comparable based on factors it selects, and the incentive awards given to the Company's Executive Officers in prior years.
4. The Committee will annually review and make recommendations to the Board with respect to adoption and approval of, or amendments to, all non-executive equity-based incentive compensation plans and arrangements, and the shares and amounts reserved there under, after taking into consideration the Company's strategy of long-term and equity-based compensation.
5. The Committee may: (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 to individuals who are subject to Section 16 of the Exchange Act); (ii) interpret the Stock Plans and agreements there under; and (iii) determine acceptable forms of consideration for stock acquired pursuant to the Stock Plans.
6. The Committee will meet with the CEO promptly after the commencement of each fiscal year to discuss the incentive compensation programs to be in effect for the Company's Executive Officers for such fiscal year and the corporate goals and objectives relevant to those programs.
7. The Committee may 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.
8. Review, at least annually, the compensation of directors who are not then serving as full-time employees of the Company or any of its subsidiaries and recommend for approval by the Board any change in the compensation of such directors. In recommending director compensation, the Compensation Committee shall take comparable director fees into account and review any arrangement that could be viewed as indirect director compensation.
9. If required, 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.
10. The Committee will review this Charter at least annually and recommend to the Board any changes it determines are appropriate.
11. The Committee will perform any other activities required by applicable law, rules or regulations, including the rules of the Securities and Exchange Commission and any exchange or market on which the Company's capital stock is traded (currently NASDAQ), and perform other activities that are consistent with this Charter, the Company's Articles of Incorporation and Bylaws, and governing laws, as the Committee or the Board deems necessary or appropriate.

E. Minutes

The Committee will maintain written minutes of its meetings and will file such minutes with the minutes of the meetings of the Board.