



REALNETWORKS, INC.

Charter of the Compensation Committee of the Board of Directors

Purpose

The purpose of the Compensation Committee of the Board of Directors of RealNetworks, Inc. shall be to:

- provide oversight of the Company's compensation policies, plans and benefit programs;
- assist the Board in discharging its responsibilities relating to (i) oversight of the compensation of the Company's Chief Executive Officer and other executive officers (including officers reporting under Section 16 of the Securities Exchange Act of 1934), and (ii) approving and evaluating the executive officer compensation plans, policies and programs of the Company; and
- assist the Board in administering the Company's equity compensation plans for its employees.

The compensation programs for the Company's executive officers shall be (i) designed to attract, motivate and retain talented executives responsible for the success of the Company, (ii) determined within a competitive framework and (iii) based on the achievement of the Company's overall financial results, individual contributions and a compensation philosophy of "pay for performance."

In furtherance of these purposes, the Compensation Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe

Membership

Appointment. The Compensation Committee members will be appointed by the Board upon recommendation of the Nominating and Corporate Governance Committee, and will serve at the discretion of the Board.

Chair. The Board may, upon recommendation of the Nominating and Corporate Governance Committee, designate a member of the Compensation Committee as the Chair of the Committee. In the absence of that designation, the Compensation Committee may designate a Chair by majority vote of the Compensation Committee members.

Qualifications. The Compensation Committee will consist of at least two members of the Board who meet the following criteria:

- the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended;
- the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended; and
- the independent director definition set forth in the rules and regulations of The Nasdaq Stock Market.

Notwithstanding the foregoing sentence, the Committee may include one or more persons who do not qualify as outside directors under Section 162(m) of the Internal Revenue Code if the Committee establishes a subcommittee that is comprised solely of at least two members that meet all of the requirements set forth above that will be responsible for determining performance-based compensation as such term is used in Section 162(m) of the Internal Revenue Code.

Responsibilities and Authority

The following are the principal recurring responsibilities of the Compensation Committee. The Compensation Committee may perform such other functions as are consistent with its purpose and applicable law, rules and regulations and as the Board or the Compensation Committee deem appropriate. In carrying out its responsibilities, the Compensation Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

Executive and Other Compensation

- Periodically, but not less than annually, review the compensation of the Chief Executive Officer of the Company and make recommendations concerning such compensation to Board members who are independent directors (as defined in Rule 5605(a)(2) of the Nasdaq Listing Rules) and, to the extent the Board deems necessary or appropriate, who are also outside directors (within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended) and/or non-employee directors (as defined in Rule 16b-3 of Section 16 of the Securities Exchange Act of 1934, as amended) (collectively, the “Qualified Directors”) who shall establish such compensation, and in making such recommendations, the Compensation Committee shall seek to ensure that the Chief Executive Officer is compensated effectively and in a manner consistent with the Company’s articulated compensation strategy, internal considerations, competitive factors and applicable regulatory requirements and shall consult, and consider input from, the Board of Directors (excluding the Chief Executive Officer), as appropriate, regarding material elements of CEO compensation;
- Periodically, but not less than annually, review and approve the compensation of the executive officers of the Company (other than the Chief Executive Officer of the Company) and, in approving the compensation, the Compensation Committee shall seek to ensure that the executive officers are compensated effectively and in a manner consistent with the Company’s articulated compensation strategy, internal considerations, competitive factors and applicable regulatory requirements;

- Periodically, but not less than annually, evaluate the performance of the Chief Executive Officer of the Company (and such other executive officers of the Company as the Compensation Committee deems appropriate) and provide feedback to the Chief Executive Officer (or such other executive officer) based on such evaluation;
- Periodically review the compensation paid to non-employee directors and make recommendations to the Board for any adjustments;
- Review annually the shareholdings of non-employee directors relative to the Company's non-employee director stock ownership guidelines;
- Review the terms of any employment agreements and arrangements with, including those related to termination of employment of, the Chief Executive Officer of the Company, and make recommendations concerning such employment agreements and arrangements to the Qualified Directors, and in making such recommendations, shall consult, and consider input from, the Board of Directors (excluding the Chief Executive Officer), as appropriate, regarding the material terms of such employment agreements and arrangements;
- Review and approve the terms of any employment agreements and arrangements with, including those related to termination of employment of, all executive officers of the Company (other than the Chief Executive Officer of the Company);
- Establish and amend any plan providing for incentive compensation to the executive officers of the Company, subject to the requirements above that Compensation Committee make recommendations to the Qualified Directors regarding compensation for the Chief Executive Officer of the Company and that the Compensation Committee consult, and consider input from, the Board of Directors (excluding the Chief Executive Officer), as appropriate, regarding the material terms of such plan;
- Carry out the duties assigned to the Compensation Committee under any stock option plan or other plan approved by the Company, and approve all stock option or other equity-based grants to officers of the Company (other than the Chief Executive Officer of the Company);
- Consult with the Chief Executive Officer concerning any compensation matters deemed appropriate by the Chief Executive Officer or the Compensation Committee;
- Serve as the Plan Administrator and/or Administrative Committee of the Company's compensation plans;
- Conduct an annual risk assessment related to the Company's employee compensation policies and practices;
- Review and assist with the development of executive succession plans and consult with the Chief Executive Officer and/or the Board regarding the selection of senior executives;
- Discuss with management the Compensation Discussion and Analysis ("CD&A") prepared pursuant to Item 402(b) of Regulation S-K and, based on the review and discussion,

recommend to the Board that the CD&A be included in the Company's annual report, proxy statement or similar document;

- Produce a report on executive compensation for inclusion in the Company's annual proxy statement that complies with applicable rules and regulations;
- Consider and make recommendations to the Board regarding compensation-related proposals, including the frequency of advisory votes on executive compensation;
- Consider and make recommendations to the Board regarding the results of any advisory vote on executive compensation, and oversee the Company's engagement with shareholders on the subject of executive compensation;

Related Duties and Authority

- The Committee may consult with the Human Resources department and, when appropriate, with outside consultants to assist in the evaluation of executive officer compensation and approving the consultants' fees and other retention terms. The Compensation Committee may, in its sole discretion retain or obtain the advice of a compensation consultant, legal counsel or accounting, actuarial or other adviser ("Adviser") and oversee and/or terminate the Adviser's work;
- Be directly responsible for the appointment, compensation and oversight of the work of any Adviser retained by the Compensation Committee. The Company shall provide the appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to an Adviser retained by the Compensation Committee that the Compensation Committee deems appropriate, and for payment of administrative expenses of the Compensation Committee that are necessary or appropriate in carrying out its duties;
- Before selecting, or receiving advice from, an Adviser to the Compensation Committee, other than in-house legal counsel, the Committee will take into consideration the independence factors set forth in the applicable rules of the SEC and NASDAQ (the "Independence Factors"), as follows:
 1. The provision of other services to the Company by the person employing the compensation consultant, legal counsel or other adviser (the "Adviser Entity");
 2. The amount of fees received from the Company by the Adviser Entity, as a percentage of the total revenue of the Adviser Entity;
 3. The policies and procedures of the Adviser Entity that are designed to prevent conflicts of interest;
 4. Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
 5. Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and

6. Any business or personal relationship of the compensation consultant, legal counsel, other adviser or Adviser Entity with an officer.
- The Compensation Committee shall not be required to consider the Independence Factors prior to obtaining advice from in-house counsel. The Committee also shall not be required to consider the Independence Factors prior to obtaining an Adviser's counsel on (i) any broad-based plan that does not discriminate in scope, terms or operation, in favor of executive officers or directors of the Company and that is generally available to all salaried employees, or (ii) any information that is not customized for the Company or that is customized based upon parameters not developed by the Adviser or the Company, and about which the Adviser does not provide advice. The Advisers exempted from Independence Factor consideration under this paragraph are referred to herein as the "Exempt Advisers." Except with respect to Exempt Advisers, the Committee shall at least annually review the independence of Advisers to the Committee, including compensation consultants and the Company's regular outside counsel, in accordance with the Independence Factors;
 - Perform such other duties as may be requested or delegated to the Compensation Committee by the Board from time to time;

The Compensation Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with any provision of this Charter, any provision of the bylaws of the Company, the laws of the State of Washington or any applicable rule or regulation of an exchange on which the Company's securities are listed.

Meetings and Procedures

Meetings. The Compensation Committee will meet at least quarterly (with additional meetings as it deems necessary or appropriate). The Chair of the Compensation Committee, in consultation with the other Committee members, shall set meeting times and agendas.

Any person who is not a member of the Compensation Committee (including other members of the Board, the Company's senior management, outside auditors, legal counsel, consultants and other advisors) may attend meetings of the Compensation Committee only upon the invitation of the Chair of the Committee or a majority of the members of the Committee. The CEO may not be present during voting or deliberations regarding CEO compensation.

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

The Compensation Committee may act by unanimous written consent (which may include electronic consent) in lieu of a meeting in accordance with the Company's bylaws, which shall constitute a valid action of the Compensation Committee if it has been executed by each Compensation Committee member and shows the date of execution. Any written consent will be effective on the date of the last signature and will be filed with the minutes of the meetings of the Board.

Reporting to the Board. The Compensation Committee shall report regularly to the Board with respect to the Compensation Committee's activities. The Compensation Committee will

summarize its examinations and recommendations to the Board from time to time as may be appropriate, consistent with the Committee's charter.

Committee Charter Review. The Compensation Committee shall review and reassess the adequacy of this charter at least annually, and make recommendations to the Board for approval of any proposed changes.

Performance Review. The Compensation Committee shall review and evaluate the structure, processes, performance and membership requirements of the Compensation Committee at least annually.

Compensation. Members of the Compensation Committee may not receive any compensation from the Company, including any fees paid directly or indirectly for services as a consultant or legal or financial officer, except the fees that they receive for service as a member of the Board or any committee thereof.