



Innodata Isogen, Inc. Board of Directors Compensation Committee Charter

I Mission Statement

The Compensation Committee shall review and provide oversight with regard to the Company's compensation policies and programs as relates to the Company's directors, officers, and key executives in order to retain and attract directors, officers, and key executives who are needed for ensuring the competitiveness and long-term interests and success of the Company's business.

II Primary Responsibilities

The primary responsibilities of the Compensation Committee shall be to (a) discharge the responsibilities of the Board of Directors (the "Board") relating to compensation of the Company's directors and executive officers; and (b) produce an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations of the SEC and NASDAQ.

For purposes of this Compensation Committee Charter (the "Charter"), compensation shall be defined to include, as applicable: annual base salary; annual incentive opportunity; long-term incentive opportunity; stock option plans; deferred compensation plans; the terms of employment agreements, severance arrangements, and change in control agreements, in each case as, when and if appropriate; any special or supplemental benefits; and any other payments that are deemed compensation under applicable SEC rules.

III Organization of Compensation Committee

The Compensation Committee shall be a three person committee of which a quorum shall be two, and shall be permitted to take all actions in the event of a vacancy. Each member of the Compensation Committee shall satisfy the applicable independence requirements of NASDAQ and any other regulatory requirements.

The members of the Compensation Committee shall be appointed by the Board. The Board shall look to appoint a committee comprised of directors with diverse and relevant experience in matters relating to executive compensation. The Board shall also appoint one member of the Compensation Committee to serve as the Compensation Committee Chair (the "Chair").

The members of the Compensation Committee may be removed by a majority of the Board.

IV Authority and Duties of Compensation Committee

To fulfill its responsibilities, the Compensation Committee shall:

- (a) Review and recommend to the Board on an annual basis the compensation of all directors.
- (b) Review and approve on an annual basis the Chief Executive Officer's ("CEO") recommendations with respect to the compensation of all executive officers.
- (c) Review and approve on an annual basis corporate goals and objectives relevant to the CEO's compensation; evaluate the CEO's performance in light of whether the goals and objectives have been achieved and set the CEO's compensation level based on this evaluation. The Compensation Committee shall also consider the following factors: the Company's performance; shareholder returns; compensation packages given to chief executive officers at comparable companies; compensation packages given to the CEO in past years; and any other factors the Compensation Committee deems relevant when determining the compensation of the CEO.
- (d) Serve as the Stock Option Committee as such Stock Option Committee is described in the Company's stock option plans, with full authority to (a) approve the grant of stock options to executive officers and directors; and (b) approve from time to time allocations of stock options for the CEO to distribute to non-executive officer employees from time to time at the CEO's discretion;
- (e) Review and make recommendations to the Board regarding the Company's incentive compensation plans.
- (f) Prepare the report regarding executive compensation required by the Securities and Exchange Commission to be included in the Company's annual proxy statement.
- (g) Prepare and maintain written minutes of each meeting convened by the Compensation Committee.
- (h) Report to the Board on a regular basis, but at a minimum on a quarterly basis.
- (i) Conduct an annual self-evaluation of its own performance.
- (j) Review and reassess the adequacy of this Charter on an annual basis and recommend to the Board any changes deemed appropriate by the Compensation Committee.
- (k) Perform any other activities consistent with this Charter, the Company's By-Laws, and governing law, as the Compensation Committee or the Board may deem necessary or appropriate.

V Meetings of Compensation Committee

The Compensation Committee shall meet at a minimum on a quarterly basis, or more frequently as circumstances require.

The Chair will preside at each meeting of the Compensation Committee. At the first meeting of the Compensation Committee to be held upon its formation and at each first meeting held following the annual meeting of shareholders, the Chair, in consultation with the other members of the Compensation Committee, shall determine the list of items to be addressed by the Compensation Committee during the coming year, and the frequency and location of each meeting. The list of items to be addressed during the coming year shall be circulated to the directors not part of the Compensation Committee.

The Chair shall set the agenda for each meeting of the Compensation Committee and shall ensure that the agenda for each upcoming meeting is circulated to each member of the Compensation Committee

in advance of the meeting. The Chair shall also circulate copies of the agenda for each meeting, prior to each scheduled meeting, to the directors not part of the Compensation Committee.

The CEO of the Company shall meet with the Compensation Committee at least annually and more frequently as circumstances necessitate, but shall not be present during all of the Compensation Committee's deliberations.

VI Resources of Compensation Committee

The Compensation Committee shall have the authority to retain or terminate compensation specialists and/or consultants to be used to assist the Compensation Committee in the evaluation of director, officer or senior executive compensation.

The Compensation Committee shall also have the right to obtain advice and assistance from internal and external legal and accounting advisors.

The Compensation Committee shall have the authority to determine the terms of the engagement and the extent of funding necessary for payment of compensation to any specialist, consultant or advisor retained to advise the Compensation Committee up to a limit of \$50,000 per specialist/consultant/advisor and \$50,000 per year. Amounts exceeding these limits shall be subject to Board approval.