

EDUCATIONAL DEVELOPMENT CORPORATION

COMPENSATION COMMITTEE CHARTER (As adopted September 19, 2003)

Purpose

The Compensation Committee of the Board of Directors of the Company is to:

- oversee the Company's executive compensation policies and the overall Company compensation and benefits policies ;
- evaluate senior executive performance and review the Company's management succession plan;
- administer the Company's 1992 Incentive Stock Option Plan and the 2002 Stock Option Plan;
- prepare the annual report on executive compensation as required by the rules of the Securities and Exchange Commission to be included in the Company's proxy statement.

Membership

The Compensation Committee of the Board of Directors shall consist of not less than two directors. Each member shall meet the independence requirements of the listing standards of the Nasdaq Stock Market and applicable laws and regulations of the Securities and Exchange Commission. Committee members, including the Chairman of the Committee, are appointed by the Board on an annual basis upon the recommendation of the Nominating and Governance Committee and may be removed by the Board.

Meetings

The Compensation Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter. The Committee shall report to the Board on a regular basis with respect to its activities.

Duties and Responsibilities

- Review annually and approve the Company's stated compensation strategy to ensure that management and other employees are rewarded appropriately for their contribution to the Company's growth and profitability.

- Administer the Company's 1992 Stock Incentive Plan and the 2002 Stock Option Plan.
- Review annually and approve for the CEO and all other senior management (a) the annual base salary, (b) the annual incentive bonus, (c) equity compensation, (d) employment agreement of the CEO, and (e) any other benefits or compensation arrangements.
- Periodically review, in consultation with the CEO, the Company's management succession plans as they pertain to the CEO and other senior management positions.
- Authorize the repurchase of shares from terminated employees pursuant to applicable law.
- Prepare the report on executive compensation that the Securities and Exchange Commission requires to be included in the Company's annual proxy statement.
- Evaluate annually the performance of the Committee and report the results of the performance to the Board and review and assess annually the adequacy of the Committee's charter and recommend any changes in the charter to the Board.