



Bringing New Horizons to Therapy

(Updated on August 27, 2014)

CHARTER OF THE COMPENSATION COMMITTEE OF EDAP TMS S.A.

1. PURPOSE

The primary function of the Compensation Committee (the “Committee”) is to review and recommend to the Board of Directors specific compensation and benefit levels for the Chief Executive Officer and members of the Board of Directors.

2. COMPOSITION – OPERATING PROCEDURES

The Committee shall consist of at least two members selected from among the members of the Board of Directors. The members of the Compensation Committee shall be appointed by the Board of Directors. Members shall serve on the Committee for a period concurrent with their term of office as a Director, and may be reappointed at the time of their re-election as a Director. They may be revoked from the Committee at any time. Each member of the Committee must qualify as an independent director for purposes of Rules 5605(a)(2) and 5605(d)(2)(A) of the NASDAQ OMX Listing Rules, as such rules or any successor provisions may be amended from time to time. The Committee will designate one member as President of the Committee and in the event of a tie vote on an issue, the vote of the President of the Committee shall decide the issue.

During any period when there are not at least two members of the Compensation Committee, or if any member of such committee shall no longer qualify as an independent director under Rules 5605(a)(2) and 5605(d)(2)(A) of the NASDAQ OMX Listing Rules, then the full Board of Directors shall decide all matters that would otherwise have been properly considered by the Compensation Committee; provided, however that no compensation of a Senior Executive Officer shall be approved by the Board of Directors unless such compensation has been approved by a majority of the independent directors.

The Committee shall meet as often as the Committee President shall see fit.

The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser, at the Company’s expense.

3. RESPONSIBILITIES

The Compensation Committee is responsible for making recommendations and proposals to the Board of Directors regarding compensation programs, including benefits in kind and equity compensation. In fulfilling its responsibilities, the Compensation Committee shall:

- a) review this Charter periodically, as conditions dictate;
- b) make recommendations and proposals to the Board of Directors regarding the compensation (including salaries, bonuses, equity compensation and any other type of compensation, and the policies related thereto) for the CEO
- c) define methods used to calculate variable compensation and set objectives and assist the Board of Directors in determining whether the objectives have been met for bonuses and other types of equity or non-equity compensation plans;

- d) formulate general policies on the granting of equity compensation and recommend to the Board of Directors the granting of options and other stock awards thereunder, and
- e) perform any other activities consistent with this Charter, the Company's bylaws and governing law, as the Board of Directors from time to time may direct.

4. REMUNERATION OF CHIEF EXECUTIVE OFFICER

When meeting to review and make recommendations regarding the remuneration of the Chief Executive Officer of the Company, the Compensation Committee shall meet in the absence of the Chief Executive Officer.