

AMENDED COMPENSATION COMMITTEE CHARTER

FILENET CORPORATION

(approved and adopted December 2, 2003)

(as amended December 15, 2004, and further amended October 13, 2005)

Purpose:

The purpose of the Compensation Committee is to review and approve the compensation of Executive Officers of FileNet Corporation, a Delaware corporation (the "Company"), including cash and stock compensation, and all bonus compensation, review and make recommendations to the Board of Directors of the Company (the "Board") concerning the compensation of the Board, and participate in the performance management process for the Executive Officers of the Company. As used in this Charter, the term "Executive Officer" is meant to be synonymous with the term "officer" as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company's bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee's sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

Statement Of Philosophy:

The policy of the Compensation Committee is to create a competitive compensation structure that will help attract and retain key management talent, assure the integrity of the Company's compensation and benefit practices, tie compensation to Company and individual performance and safeguard the interests of all stockholders.

Membership:

The Compensation Committee shall consist of such number of independent directors of the Company as is determined from time to time by the Board. The

Chairman of the Compensation Committee and the members of the Compensation Committee are appointed by and serve at the discretion of the Board. It is the intention of the Board to have the Compensation Committee comprised of at least two directors, each of whom is (i) a non-employee director as defined under Rule 16b-3 under the Exchange Act, (ii) an “outside director” under Section 162(m) of the Internal Revenue Code of 1986, as amended, and (iii) “independent” as defined by NASDAQ.

Operations:

The Compensation Committee shall have the authority to establish its own rules and procedures consistent with the Bylaws of the Company for notice and conduct of its meetings, should the Compensation Committee, in its discretion, deem it desirable to do so. The Compensation Committee shall have access to, and shall at its discretion meet with, any Executive Officer or other employee of the Company or its subsidiaries. The Compensation Committee may, in its discretion, utilize the services of the Company’s regular corporate legal counsel with respect to legal matters or, at its discretion, retain other legal counsel if it determines that such counsel is necessary or appropriate under the circumstances.

The Compensation Committee may, in its discretion, utilize the services of a compensation consultant or other professional or expert to provide data and advice to the Compensation Committee regarding the compensation of Executive Officers of the Company and to assist the Compensation Committee in performing its other responsibilities. The retention and, where appropriate, the termination of such compensation consultant shall be at the sole discretion of the Compensation Committee without the participation of any Executive Officer or other member of management of the Company. The Compensation Committee, in its sole discretion, shall approve the fees to be paid to the compensation consultant and any other terms of the engagement of the compensation consultant, and the Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the compensation consultant and to any other advisors employed by the Committee.

To the extent permitted by Delaware law, the Committee may delegate to one or more Executive Officers of the company the power (i) to designate the officers and employees of the Company or any of its subsidiaries who will receive grants of restricted shares or options to purchase from the Company shares of the Company’s capital stock, and (ii) to determine the number of restricted shares or options to be received by them. Such delegation must be made by a resolution that specifies the total number of restricted shares or options that may be granted under the delegate authority, and no officer may be delegated the power to designate himself or herself as a recipient of restricted shares or options.

The Compensation Committee shall review and reassess the Compensation Committee’s charter on a regular basis and submit any recommended changes to the Board for its consideration.

Responsibilities:

The responsibilities of the Compensation Committee include:

1. Reviewing and approving, at least annually, the compensation policy for Executive Officers of the Company, and such other employees of the Company as directed by the Board;
2. Reviewing and approving all forms of compensation, including (a) salary and bonus, (b) all “plan” compensation (as such term is defined in Item 402(a)(7) of Regulation S-K promulgated by the Securities and Exchange Commission); (c) all employment agreements, severance arrangements and/or change in control severance arrangements; and (d) all non-cash compensation; in each case to be provided to the Executive Officers of the Company;
3. Reviewing and approving, at least annually, corporate goals and objectives relating to the compensation of the chief executive officer, evaluating the performance of the chief executive officer in light of those goals and objectives and determining and approving the compensation of the chief executive officer based on such evaluation. The Compensation Committee shall have sole authority to determine the chief executive officer’s compensation.
4. Reviewing and approving the general compensation goals and guidelines for the Company’s non-executive officers and the criteria by which bonuses to the Company’s non-executive officers are to be determined;
5. Reviewing the amount and composition of director compensation in relation to the goals of the Company, the need for director objectivity, and current market practices, and making recommendations to the Board.
6. Acting as Administrator (as defined therein) of the FileNet Corporation 1995 Stock Option Plan, as amended and restated, the 1996 Saros Plan, the 1998 Employee Stock Purchase Plan, as amended, the 2002 Incentive Award Plan, as amended, and all agreements issued thereunder, and such other stock option or equity participation plans as may be adopted by the Board from time to time (collectively the “Plans”). In its administration of the plans, the Compensation Committee may (a) grant stock options, stock purchase rights and other awards of shares of the Company’s Common Stock under the Plans, (b) amend such stock options stock purchase rights and awards as they deem advisable, and (c) amend the Plans in such ways as they deem advisable. The Compensation Committee shall present material changes to any Plan including any increase to the number of Shares available hereunder, or any new equity plans to the Board, then to the stockholders for approval (with exceptions including pre-existing plans in the context of a merger or acquisition, tax qualified plans, parallel non-qualified plans, or inducement awards). The Compensation Committee shall also account for the number of equity awards granted and available

under the respective Plans and make recommendations to the Board with respect to increase in the number of shares reserved for issuance thereunder.

7. Reviewing and approving the hiring, termination and promotion of any Executive Officer of the Company other than the Chief Executive Officer or any employee that has entered into an employment agreement requiring Board approval.
8. Managing and reviewing executive officer and director indemnification and insurance matters.
9. Determining the Company's policy with respect to the application of Section 162(m) of the Internal Revenue Code of 1986, as amended, and when compensation may be paid by the Company that is not deductible for federal income tax purposes.
10. Preparing a report (to be included in the Company's proxy statement) which describes: (a) the criteria on which compensation paid to the Chief Executive Officer for the last completed fiscal year is based; (b) the relationship of such compensation to the Company's performance; and (c) the Compensation Committee's executive compensation policies applicable to Executive Officers;
11. Authorizing the repurchase of shares from terminated employees pursuant to applicable law;
12. Reviewing annual performance evaluations of the Company's Executive Officers prepared by the Chief Executive Officer or other members of senior management as requested by the Compensation Committee and report its findings to the Board;
13. Evaluating on an annual basis the performance of the Compensation Committee; and
14. In addition to the foregoing, the Compensation Committee shall perform such other functions and have such other powers as may be necessary or convenient in the efficient discharge of the foregoing.

Meetings:

It is anticipated that the Compensation Committee will meet at least two times each year. However, the Compensation Committee may establish its own schedule, which it will provide to the Board annually in December. A quorum of the Compensation Committee shall be a majority of the authorized members of the Compensation Committee, and a vote of a majority of the Compensation Committee

members present at a meeting at which there is a quorum shall be the act of the Compensation Committee. The Compensation Committee may also act by written unanimous consent, and may conduct telephonic meetings in accordance with applicable laws.

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.