

VERITY, INC.

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Purpose:

The Purpose of the Compensation Committee (the “Committee”) of the Board of Directors of **VERITY, INC.**, a Delaware corporation (the “Company”), shall be to recommend to the Board of Directors of the Company (the “Board”) the type and level of compensation for directors, officers, employees and consultants of the Company, to administer the equity incentive plans adopted or to be adopted by the Company (the “Plans”) and to perform such other functions as may be deemed necessary or convenient in the efficient and lawful discharge of the foregoing.

Composition:

The Committee shall be comprised of a minimum of two (2) members of the Board, all of whom shall be non-employee directors, and shall be “independent directors” as that term is defined in Rule 4200 of the Rules of The Nasdaq Stock Market, Inc. (the “Nasdaq Rules”), provided that one member need not be independent under the circumstances permitted in Rule 4350(c)(3)(C) of the Nasdaq Rules.. The members of the Committee and its Chairperson will be appointed by and serve at the discretion of the Board.

Functions and Authority:

The operation of the Committee shall be subject to the Bylaws of the Company, as in effect from time to time, and Section 141 of the Delaware General Corporation Law. The Committee shall have the full power and authority to carry out the following responsibilities:

1. Review and approve the administration of the various incentive compensation and benefit plans, including the Plans.
2. Grant stock options under the various incentive compensation and benefit plans, including the Plans.
3. Recommend to the Board the compensation levels for directors, officers, employees and consultants of the Company including, but not limited to, annual salary, bonus, stock options and other direct or indirect benefits.
4. Review on a periodic basis the operation of the Company’s executive compensation programs to determine whether they are properly coordinated and to establish and periodically review policies for the administration of executive compensation programs.
5. To report to the Board from time to time, or whenever it shall be called upon to do so.
6. Perform such other functions and have such other powers as may be necessary or convenient in the efficient discharge of the foregoing.

Meetings:

The Committee will hold at least one (1) regular meeting per year and additional meetings as the Chairperson or Committee deems appropriate. The President and Chief Executive Officer of the Company may attend any meeting of the Committee, except for portions of the meetings where his, her or their presence would be inappropriate, as determined by the Committee.

Minutes and Reports:

Minutes of each meeting of the Committee shall be kept and distributed to each member of the Committee, each member of the Board who is not a member of the Committee and the Secretary of the Company. The Committee shall report to the Board from time to time, or whenever so requested by the Board.