

CHORDIANT SOFTWARE, INC.

CHARTER OF THE COMPENSATION COMMITTEE

PURPOSE:

The purpose of the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Chordiant Software, Inc. (the “*Company*”) shall be to act on behalf of the Board in fulfilling the Board’s responsibilities (i) to oversee the Company’s compensation policies, plans and programs, including administration of any equity plans adopted by the Company, (ii) to review and recommend to the Board for approval the compensation to be paid to the Chief Executive Officer, (iii) to review and recommend to the Board the compensation to be paid to all executive officers, as that term is defined in Section 16 of the Securities Exchange Act of 1934, as amended from time to time (the “*Exchange Act*”) and Rule 16a-1 thereunder (the “*executive officers*”), excluding the Chief Executive Officer, (iv) to review, determine and approve the compensation to be paid to all officers with a title of vice-president (excluding executive officers) who report directly to the Chief Executive Officer or to review, determine and approve the terms of a plan setting forth the compensation ranges for such vice-presidents pursuant to which the Chief Executive Officer may determine the compensation to be paid to such officers, (v) to review, determine and recommend to the Board for approval the compensation to be paid to the Company’s non-employee Directors, and (vi) to prepare and review the Committee report included in the Company’s annual proxy statement in accordance with applicable rules and regulations of the Securities and Exchange Commission (the “*SEC*”) in effect from time to time. The term “compensation” shall include salary, long-term incentives, bonuses, perquisites, equity incentives, severance arrangements, retirement benefits and other related benefits and benefit plans.

COMPOSITION:

The Committee shall consist of at least three members of the Board. All members of the Committee shall satisfy the independence requirements of the Nasdaq Stock Market LLC (“*Nasdaq*”) applicable to compensation committee members, as in effect from time to time, when and as required by Nasdaq, including any exceptions permitted by these requirements. Each member of the Committee shall satisfy the “non-employee director” standard within the meaning of Section 16b-3 of the Exchange Act and the “outside director” standard within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended from time to time (the “*Code*”). The Board shall appoint the members of the Committee and designate the Committee Chairman. The Board shall fill vacancies occurring on the Committee.

MEETINGS AND MINUTES:

The Committee shall hold such regular or special meetings as its members deem necessary or appropriate, but in no event less than once per fiscal quarter. In lieu of a meeting, the Committee may act by unanimous written consent. Minutes of each meeting of the Committee shall be prepared and distributed to each director of the Company and the Secretary of the Company promptly after each meeting. The Chairman of the Committee shall report to

the Board from time and time and whenever requested to do so by the Lead Independent Director or the Chairman of the Board.

AUTHORITY:

The Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder. The Committee shall have the authority to obtain, at the expense of the Company, advice and assistance from internal or external legal, accounting or other advisors and consultants. In addition, the Committee shall have sole authority to retain and terminate any compensation consultant to assist in the evaluation of director, chief executive officer, executive officer or senior management compensation, including sole authority to approve such consultant's reasonable fees and other retention terms, all at the Company's expense. Other reasonable expenditures for external resources that the Committee deems necessary or appropriate in the performance of its duties are permitted. Expenditures for external resources (other than for a compensation consultant retained by the Committee) that are expected to be material and outside the ordinary course of the Committee's practices shall be recommended by the Committee for the approval of the Board.

The Committee may form and delegate authority to subcommittees, as appropriate, including, but not limited to, a subcommittee composed of one or more members of the Board to grant stock awards under the Company's equity incentive plans to persons who are not (a) executive officers; (b) individuals with respect to whom the Company wishes to comply with Section 162(m) of the Code; or (c) then subject to Section 16 of the Exchange Act. 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 approval of this Compensation Committee Charter shall be construed as a delegation of authority to the Committee with respect to the responsibilities set forth herein.

RESPONSIBILITIES:

To implement the Committee's purpose and policies, the Committee shall be charged with the following duties and responsibilities. The Committee may supplement and, except as otherwise required by applicable law or the requirements of Nasdaq, deviate from these activities as appropriate under the circumstances:

1. ***Overall Compensation Strategy.*** The Committee shall review, modify (as needed) and approve the overall compensation strategy and policies as follows:

- reviewing and approving, or recommending to the Board for approval, as required below, individual performance goals and objectives, which shall support and reinforce the Company's performance goals and objectives as set forth in the approved strategic and operating plans, relevant to the compensation of the Company's executive officers and other senior management, as appropriate;

- establishing policies with respect to equity compensation arrangements, with the objective of appropriately balancing the perceived value of equity compensation and the dilutive costs of that compensation to the Company;
- reviewing compensation practices and trends relating to the Company's industry to assess the propriety, adequacy and competitiveness of the Company's executive compensation programs among comparable companies in the Company's industry; however, the Committee shall exercise independent judgment in determining the appropriate levels and types of compensation to be paid;
- reviewing and approving, or recommending to the Board for approval, as required below, the terms of any employment agreements, severance arrangements, change-of-control protections and any other compensatory arrangements for the Company's executive officers and other senior management, as appropriate;
- reviewing and recommending to the Board for approval, any compensation arrangement for any executive officer involving any subsidiary, special purpose or similar entity, taking into account the potential for conflicts of interest in such arrangements and whether the arrangement has the potential to benefit the Company;
- considering and, if appropriate, establishing a policy designed to encourage executive officers and directors to acquire and hold a meaningful equity interest in the Company; and
- evaluating the efficacy of the Company's compensation policy and strategy in achieving expected benefits to the Company and otherwise furthering the Committee's policies for the Company's executive officers and other senior management, as appropriate.

2. ***Compensation of Chief Executive Officer.*** The Committee, meeting in executive session, shall review and recommend for approval, in its sole discretion, to the Board the compensation and other terms of employment of the Company's Chief Executive Officer and shall evaluate the Chief Executive Officer's performance in light of relevant corporate performance goals and objectives. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee should consider the Company's performance and relative stockholder return, the value of similar incentive awards given to chief executive officers of comparable companies, the awards given to the Company's Chief Executive Officer in past years, and such other criteria as the Committee deems advisable. The Chief Executive Officer may not be present during the voting or deliberations regarding his/her compensation.

3. ***Compensation of the Other Executive Officers.*** The Committee shall review and recommend for approval to the Board the individual and corporate performance goals and objectives of the Company's other executive officers that are periodically established. The Committee shall review and recommend to the Board for approval the compensation and other terms of employment of these individuals taking into consideration the employee's success in

achieving his or her individual performance goals and the corporate performance of the Company. The Chief Executive Officer may be present during these deliberations.

4. **Compensation of Vice Presidents.** The Committee shall review and approve the individual and corporate performance goals and objectives of the Company's officers with a title of vice-president (excluding the Chief Executive Officer and executive officers) that are periodically established. The Committee shall determine and approve the compensation and other terms of employment of these officers taking into consideration the employee's success in achieving his or her individual goals and the corporate performance of the Company, or the Committee may determine and approve the terms of a plan setting forth the compensation ranges for such officers pursuant to which the Chief Executive Officer may determine the compensation to be paid to such officers. The Chief Executive Officer may be present during these deliberations.

5. **Director Compensation.** The Committee shall periodically review the compensation paid to non-employee Directors for their service on the Board and its committees and recommend any changes considered appropriate to the Board for its approval. The Chairman of the Nominating and Corporate Governance Committee may be in attendance at the meetings of this Committee where Board compensation is discussed.

6. **Administration of Benefit Plans.** The Committee shall recommend to the Board the adoption, amendment and termination of the Company's equity plans, stock appreciation rights plans, pension and profit sharing plans, incentive plans, stock bonus plans, stock purchase plans, executive bonus plans, deferred compensation plans and similar programs. The Committee shall have full power and authority to administer these plans, establish guidelines, interpret plan documents, select participants, approve grants and awards, and exercise such other power and authority as may be permitted or required under such plans. Notwithstanding the foregoing, the Committee shall recommend to the Board for approval (but shall not have the authority to approve) any grants and awards to the Chief Executive Officer or any executive officer.

7. **Insurance Coverage.** The Committee shall review and recommend to the Board for approval appropriate insurance coverage for the Company's directors and officers. The Chairman of the Nominating and Corporate Governance Committee may be in attendance at the meetings of this Committee where insurance coverage is discussed.

8. **Annual Charter Review.** The Committee also shall periodically review and assess the adequacy of this charter, including the Committee's role and responsibilities as outlined in this Charter, and recommend any proposed changes to the Board for approval.

9. **Periodic Independent Review.** The Committee shall periodically (at least once every three years through 2017) select and retain an independent consultant to assist the Committee in its evaluation of the Company's executive compensation policies, practices, and procedures and prepare and submit to the Compensation Committee a report on the results of such study.