CHARTER FOR THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF VERMILLION, INC.

PURPOSE:

The purpose of the Compensation Committee of the Board of Directors (the "Board") of Vermillion, Inc. (the "Company") shall be to:

(a) discharge the Board's responsibilities relating to compensation of the Company's executive officers. The Committee has overall responsibility for approving and evaluating the officer compensation plans, policies and programs of the Company;

(b) administer the Company's stock option plans, stock purchase plans, restricted stock plans and any other equity incentive plans adopted by the Company, approve grants and awards, and exercise such other power and authority as may be permitted or required under such plans; and

(c) provide disinterested administration of any employee benefit plans in which executive officers of the Company are eligible to participate.

The Compensation Committee is also responsible for completing an annual report on executive compensation for inclusion in the Company's proxy statement. In addition to such annual report, the Compensation Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. In addition, the Compensation Committee will undertake those specific responsibilities listed below and such other duties or responsibilities as the Board of Directors may from time to time prescribe.

COMMITTEE MEMBERSHIP AND ORGANIZATION:

The Compensation Committee will be appointed by and will serve at the discretion of the Board. The Compensation Committee shall consist of no fewer than two members. The Compensation Committee shall designate one member of the Committee as its chair person. The members of the Compensation Committee shall meet the (i) independence requirements of the listing standards of the National Association of Securities Dealers, Inc. for listing on The Nasdaq Stock Market ("NASDAQ"), (ii) non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, and (iii) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

COMMITTEE RESPONSIBILITIES AND AUTHORITY:

- The Compensation Committee shall annually review and approve for the CEO and the executive officers of the Company (a) the annual base salary, (b) the annual incentive bonus, including the specific goals and amount, (c) equity compensation, (d) employment agreements, severance arrangements, and change in control agreements/provisions, and (e) any other benefits, compensation or arrangements. The CEO may not be present during voting or deliberations by the Compensation Committee on CEO compensation.

- The Compensation Committee may make recommendations to the Board with respect to incentive compensation plans, including reservation of shares for issuance under employee benefit plans.

- The Compensation Committee shall annually review and recommend to the Board of Directors for its approval the compensation, including cash, equity or other compensation, for members of the Board of Directors for their service as (a) a member of the Board of Directors, (b) a member of any committee of the Board of Directors, (c) a Chair of any committee of the Board of Directors and (d) the Chairman of the Board of Directors. The Compensation Committee will consider the Board of Directors' Nominating and Governance Committee's bi-annual review of the effectiveness of the operation of the Board of Directors and its committees in connection with the Compensation Committee's review and recommendations with respect to the Company's directors' compensation.

- The Compensation Committee shall annually review the performance of the Company's Chief Executive Officer.

- The Compensation Committee may make recommendations to the Board of Directors on the Company's executive compensation practices and policies, including the evaluation of performance by the Company's executive officers and issues of management succession.

- The Compensation Committee may review the Company's compliance with employee benefit plans.

- The Compensation Committee may form and delegate authority to subcommittees when appropriate.

- The Compensation Committee shall make regular reports to the Board.

- The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

- The Compensation Committee shall annually review its own performance.

EXTERNAL ADVISERS:

The Compensation Committee shall have authority, in its sole discretion, to retain or obtain the advice of a compensation consultant, legal counsel or other adviser (a "Committee Adviser") as the Compensation Committee deems appropriate to assist with the execution of its duties and responsibilities as set forth in this Charter. The Compensation Committee shall be directly responsible for the appointment, compensation and oversight of the work of any Committee Adviser. To the extent required by NASDAQ rules, the Compensation Committee shall assess the independence of any Committee Adviser taking into account the factors specified by applicable NASDAQ rules. The Compensation Committee shall also have authority to obtain

advice and assistance from any officer or employee of the Company and shall have full, unrestricted access to Company records.

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