

**COMPENSATION COMMITTEE CHARTER OF VELOCITY EXPRESS
CORPORATION OF THE BOARD OF DIRECTORS**

(As adopted by the Board of Directors on March __, 2007)

I. PURPOSE

The Compensation Committee (the “Committee”) shall:

- A. Discharge the responsibilities of the Board of Directors (the “Board”) to the stockholders, potential stockholders and investment community with respect to the corporation’s compensation programs and compensation of the corporation’s executives; and
- B. Produce an annual report on executive compensation for inclusion in the corporation’s annual proxy statement, in accordance with applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) and any other applicable regulatory bodies.

II. STRUCTURE AND OPERATIONS COMPOSITION AND QUALIFICATIONS

The Committee shall be comprised of three or more members of the Board of Directors. Each of the members of the committee shall be determined by the Board to be “independent” in accordance with NASDAQ Marketplace Rule 4200(a)(15).

Appointment and Removal

The members of the Committee shall be appointed by the Board and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board.

Chairman

Unless a Chairman is elected by the full Board, the members of the Committee shall designate a Chairman by majority vote of the full Committee membership. The Chairman shall resolve any ties. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

Delegation to Subcommittees

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee.

III. MEETINGS

The Committee shall meet at least two times annually, or more frequently as circumstances dictate. The Chairman of the Board or any member of the Committee may call meetings of the Committee. A quorum shall exist so long as a majority of the members of the Committee are in attendance in person or by telephone. Approval of actions by the Committee requires a majority vote of the Committee Members.

As part of its review and establishment of the performance criteria and compensation of designated key executives, the Committee should meet separately at least on an annual basis with the CEO and any other corporate officers, as it deems appropriate. However, the Committee should meet regularly without such officers present, and in all cases such officers shall not be present at meetings at which their performance and compensation are being discussed and determined. All meetings of the Committee may be held telephonically.

All non-management directors that are not members of the Committee may attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any director, management of the corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

IV. RESPONSIBILITIES AND DUTIES

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions as it deems appropriate. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention.

Setting Compensation for Executive Officers

1. Establish and review the overall compensation philosophy of the corporation.
2. Review and approve corporate goals and objectives relevant to CEO compensation including performance objectives.
3. Evaluate the performance of the CEO in light of these criteria and, based on such evaluation, review and approve the annual salary, bonus, long term incentive awards and other benefits, direct and indirect, of the CEO either as a committee or together with other independent directors as directed by the Board of Directors. The CEO shall provide the Committee with an annual evaluation of the performance of other executive officers

and recommend their annual salary, bonus, stock option and other benefits, direct and indirect to the Committee for their approval.

4. Approve the grant of long term incentive awards company-wide and recommend amendments to the company's executive compensation programs to the stockholders for approval.
5. In connection with executive compensation programs:
 - (i) Review and recommend to the full Board, or approve, new executive compensation programs;
 - (ii) Review on a periodic basis the operations of the corporation's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose;
 - (iii) Establish and periodically review policies for the administration of executive compensation programs; and
 - (iv) Take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance.
6. Establish and periodically review policies in the area of senior management perquisites.
7. Review and make recommendations to the full Board, or approve, any contracts or other transactions with current or former executive officers of the corporation, including consulting arrangements, employment contracts, severance or termination arrangements and loans to employees made or guaranteed by the corporation. No loans shall be made to executive officers.

Monitoring Incentive and Equity-Based Compensation Plans

8. Review and make recommendations to the Board with respect to the corporation's incentive-compensation plans, equity-based plans and any other similar plans, and oversee the activities of the individuals responsible for administering those plans.
9. Review and approve all equity-based plans of the corporation that are not otherwise subject to the approval of the corporation's stockholders.
10. Review and make recommendations to the full Board, or approve, all long term incentive awards pursuant to the corporation's equity-based plans.
11. Monitor compliance by executives with the rules and guidelines of the corporation's equity-based plans.
12. Appoint a management committee to review and monitor employee pension, profit sharing and benefit plans and to report at least annually to the Committee.

13. Select, retain and/or replace, as needed, compensation and benefits consultants and other outside consultants to provide independent advice to the Committee. In that connection, in the event the Committee retains a compensation consultant, the Committee shall have the sole authority to approve such consultant's fees and other retention terms.

Reports

14. Prepare an annual report on executive compensation for inclusion in the corporation's proxy statement, in accordance with applicable rules and regulations of the SEC and other applicable regulatory bodies.
15. Report regularly to the Board (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report.
16. Maintain minutes of meetings of the Committee and distribute such minutes to the full Board upon approval by the Committee.

V. ANNUAL PERFORMANCE EVALUATION

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.