

# **CARDIUM THERAPEUTICS, INC.**

## **COMPENSATION COMMITTEE CHARTER**

**(Effective as of January 17, 2006, as amended March 10, 2008)**

This Compensation Committee Charter sets forth the purpose and membership requirements of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Cardium Therapeutics, Inc. (the "Company") and establishes the authority and responsibilities delegated to it by the Board.

### **1. Statement of Purpose**

The purpose of the Committee is to oversee the Company's overall compensation and incentive programs for its executive officers and other key employees. The Committee shall:

- Subject to delegation by the Board and such terms and conditions as the Board may prescribe, administer the Company's incentive compensation and equity-based plans as in effect from time to time, including, without limitation, the Company's 2005 Equity Incentive Plan, and otherwise make recommendations to the Board with respect to the adoption, amendment or termination of such plans and the granting of awards under such plans.
- Provide assistance relating to establishing an appropriate compensation program for the Company designed to:
  - reward executive officers and other key employees in connection with the Company's overall performance and for individual performance with respect to goals, responsibilities and adherence to Company values;
  - attract and retain individuals who are capable of leading the Company in achieving its business objectives in an industry characterized by competitiveness, growth and a challenging business environment; and
  - provide substantial alignment of management's interests with the long-term interests of stockholders.
- Evaluate the performance of the Chief Executive Officer of the Company and recommend the compensation for such officer to the Board.
- Perform such other duties set forth in this Charter and as directed from time to time by the Board.

In performing its responsibilities, the Committee shall maintain free and open communication between the Committee, the Board, and the Company's management.

## 2. Membership

- 2.1. Composition and Appointment. The Committee shall consist of three (3) or more members of the Board who are not officers or employees of the Company. The members of the Committee shall be appointed by the Board on the recommendation of the Company's Nominating Committee or, if there is no such committee, a majority of the Company's independent directors. The Board shall fill vacancies on the Committee and may remove a Committee member from membership on the Committee at any time with or without cause. Members shall serve until removed or until their successors are appointed by the Board.
- 2.2. Chairperson. Unless a Chairperson is elected by the full Board, the members of the Committee shall designate a Chairperson by majority vote of all the Committee members.
- 2.3. Independence. Each member of the Committee is expected to meet the independence requirements of AMEX Rule 121A. Independence shall be determined as to each member by the full Board.

Notwithstanding the foregoing, one director who: (i) is not independent as defined in AMEX Rule 121A; and (ii) is not a current officer or employee or a family member of such officer or employee, may be appointed to the Committee, if the Board, under exceptional and limited circumstances, determines that membership on the Committee by such individual is required by the best interests of the Company and its stockholders, and the Board discloses, in the next annual proxy statement subsequent to such determination, the nature of the relationship and the reasons for that determination. A member appointed under this exception may not serve longer than two (2) years and may not chair the Committee.

- 2.4. Compensation. The compensation of the members of the Committee shall be as determined by the Board from time to time. No member of the Committee may accept directly or indirectly any consulting, advisory, or other compensatory fee from the Company or any subsidiary of the Company, other than in his or her capacity as a member of the Committee, the Board or any other committee of the Board.

## 3. Authority

The Committee shall have all resources and authority necessary to discharge its duties and responsibilities, including those set forth below.

- 3.1. Education. To help ensure that members of the Committee have the proper knowledge to perform their responsibilities, Committee members shall have the authority, at the Company's expense, to retain outside professionals and to undertake other appropriate steps to keep current with developments in compensation and benefits programs, and other matters that are relevant to carrying out the Committee's responsibilities.

- 3.2. Advisors. The Committee shall have the authority to engage independent counsel and other advisors ("Advisors") as it deems necessary or appropriate to fulfill its responsibilities. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company, and the Committee will take all necessary steps to preserve the privileged nature of those communications.
- 3.3. Compensation Survey. The Committee shall have the authority to engage the services of an independent compensation and benefits consulting company to conduct a survey and review of the Company's salary, bonus, stock incentive award and benefits history for executive officers, as compared to other similarly situated companies taking into account, among others, industry, size and location.
- 3.4. Information. The Committee shall have the authority to require any officer, director or employee of the Company, the Company's outside legal counsel and any compensation advisor to meet with the Committee and any of its Advisors and to respond to the Committee's inquiries. The Committee shall have full access to the books, records and facilities of the Company in carrying out its responsibilities.
- 3.5. Funding. The Committee shall have the authority to determine the appropriate funding for: (i) the engagement and services of any independent compensation and/or benefits consultant or other Advisors; and (ii) ordinary administrative expenses of the Committee necessary or appropriate in carrying out its duties.
- 3.6. Delegation. The Committee may form, and where legally permissible may delegate authority to, subcommittees when the Committee deems it appropriate or desirable to facilitate the operation or administration of the plans or programs. Where legally permissible, the Committee may also delegate authority to committees consisting of employees when the Committee deems it appropriate or desirable for the efficient administration of employee compensation and benefit plans.
- 3.7. Recommendations to Board. The Committee shall be responsible for reviewing and recommending matters to the Board but shall have no authority to make final decisions other than as set forth in this Charter, or as delegated to it by the Board, or as required by applicable law.

#### **4. Meetings**

- 4.1. Frequency. The Committee shall meet at least once per fiscal year or more frequently as the Committee deems necessary or appropriate. Meetings may be in person or by telephone as needed to conduct the business of the Committee. The Committee shall have the authority to call meetings at its discretion and to invite officers and employees of the Company to attend. To the extent practicable, the meeting agenda, draft minutes from the prior meeting, and supporting materials, shall be provided to the Committee members before each meeting to allow time for review.
- 4.2. Executive Sessions. The Committee shall maintain free and open communication with (i) the Company's Chief Executive Officer and Chief Financial Officer; (ii) any

independent compensation and benefits consultant or other Advisor; and (iii) the Company's outside legal counsel retained for general corporate purposes, and may periodically meet in separate executive (private) sessions with each such person and/or other members of the Company's management to discuss any matters that the Committee or any such person believes should be discussed.

- 4.3. Procedures. The Committee will be governed by the same rules regarding meetings, action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee may adopt its own rules of procedure not inconsistent with (i) any provision of this Charter; (ii) any provision of the Company's bylaws; or (iii) any applicable federal or state law.
- 4.4. Minutes. The Chairperson of the Committee shall designate a person, who need not be a member of the Committee, to act as secretary and to keep the minutes of each meeting of the Committee.
- 4.5. Presiding Member. The Chairperson of the Committee shall preside at all Committee meetings. If the Chairperson is absent at a meeting, a majority of the Committee members present at a meeting shall appoint a different presiding member for that meeting.

## **5. Reports and Assessments**

- 5.1. Board Reports. The Chairperson of the Committee, or such other member designated by the Committee, shall report to the Board on a regular basis regarding the Committee's actions, the fulfillment of the Committee's responsibilities under this Charter, and any associated matters.
- 5.2. Charter Assessment. The Committee shall review and reassess the adequacy of this Charter at least annually. Results of the Committee's review of this Charter, and any appropriate updates or amendments, shall be duly reported to the full Board.
- 5.3. Committee Self-Assessment. The Committee shall annually make a self-assessment of its performance and shall report the results of such self-assessment to the Board and the Nominating Committee (if any).
- 5.4. Proxy Statement Report. The Committee shall prepare any annual or other compensation report as may be required of the Committee by any applicable rules and regulations and submit it to the Board for inclusion in the Company's proxy statement or other treatment as may be required.

## **6. General**

- 6.1. Charter Guidelines. While the responsibilities of the Committee set forth in this Charter are contemplated to be the principal recurring activities of the Committee in carrying out its functions, these responsibilities are to serve as a guide with the understanding that the Committee may diverge from them as it deems appropriate

given the circumstances. Furthermore, from time to time, the Committee may take on additional responsibilities at the request of the Board.