



## **CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

*(November 2005)*

### **Power, Authority, and Purpose of the Committee**

The Purpose of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of NPS Pharmaceuticals, Inc., a Delaware Company (the "Company") shall be to ensure that the compensation programs and values transferred to management through cash pay, stock and stock-based awards, whether immediate, deferred, or contingent are fair and appropriate to attract, retain and motivate management and are reasonable in view of company economics and of the relevant practices of other, similar companies.

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 duties and responsibilities listed below, and when so acting, shall act as and for the full Board.

The Committee shall have the power and authority to act independently of management and hire its own consultants who will report solely to the Committee.

### **Composition:**

The Committee shall be comprised of at least two members of the Board each of whom is independent of management of the Company. The Chairman will be appointed by and serve at the discretion of the Board and all members will serve at the pleasure of the Board, continuing as a member of the Committee until resignation or replacement.

### **Duties and Responsibilities:**

The Committee shall:

1. Establish plans for salaries, incentives, and other forms of compensation paid officers and other employees of the Company, and monitor the effectiveness of such plans and the performance thereunder.
2. Establish the various compensation arrangements, retention and severance agreements, funded and unfunded retirement plans and other benefit plans, including the Company's stock purchase plan and its stock option plans, and monitor the effectiveness of such arrangements and the performance of officers thereunder.
3. Recommend to the Board compensation arrangements for Board Members with such adjustments as the Committee may recommend from time to time.
4. 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 two regular meetings per year and additional meetings as the Chairman or Committee deems appropriate. The Chief Executive Officer and/or General Counsel 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 Chairman. The Committee shall regularly have "executive sessions" without members of management present.

### **Minutes and Reports:**

The Chairman of the Committee shall arrange with the Corporate Secretary's office and Corporate Counsel for the completion of an official set of minutes of each Committee meeting. The official minutes shall be approved by the Committee members, signed by the Chairman, and shall be given to the Corporate Secretary for filing with the Corporate Records. The Chairman shall report the Committee's determinations and work to the full Board from time to time and as requested by the Board.