

CHELSEA THERAPEUTICS COMPENSATION COMMITTEE CHARTER

Updated February 4, 2010

Purpose and Authority

The purpose of the Compensation Committee for Chelsea Therapeutics is review, approve and make recommendations to our Board of Directors concerning the compensation and benefits of our Executive Officers and Directors, administer our stock option and employee benefit plans, and review general policy relating to compensation and benefits. The Committee has all authority necessary to fulfill the duties and responsibilities assigned to the Committee in this Charter or otherwise assigned to it by the Board.

As the Committee deems appropriate and with the agreement of the Board, it may retain independent counsel, accounting and other professionals to assist the Committee with respect to the selection, fees or retention terms for any such advisers.

As the Committee or the Chief Executive Officer deems appropriate, the Committee may consult with the Chief Executive Officer concerning any compensation matters.

The Committee, when appropriate, may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Board or Company Officers.

Composition

Independence

The Committee shall be composed of three or more directors, as determined by the Board, each of whom shall:

- meet the independence requirements established by the Board, and other applicable trading exchange or quotation system and any other regulations applicable to the Committee from time to time;
- be a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934; and
- be an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code.

Appointment and Removal of Members

The Board may appoint or remove any member from the Committee at any time with or without cause. The Board will appoint the Chair of the Committee.

Duties and Responsibilities

The Committee shall have the following duties and responsibilities, in addition to any other duties and responsibilities assigned to the Committee from time to time by the Board.

Compensation Philosophy and Goals

- Develop executive compensation philosophy and establish and annually review and approve policies regarding executive compensation programs and practices.

CEO and Executive Compensation

Review and recommend to the Board:

- Corporate goals and objectives relevant to the Chief Executive Officer's compensation ;
- Chief Executive Officer's performance in light of those goals and objectives ;
- Chief Executive Officer's compensation based on this evaluation
- In determining the long-term incentive component of Chief Executive Officer compensation, the Committee shall consider the Company's Performance and relative shareholder return, the value of similar incentive awards to Chief Executive Officers at comparable companies, and the awards given to the Chief Executive Officer in past years; and
- Annual compensation for the Executive Officers of the Company who report to the Chief Executive Officer.

Other duties

Review and recommend to the Board:

- Annual and long-term incentive compensation plans for executive officer employees of the Company;
- Incentive compensation plans for executive officers and equity-based plans;
- Changes to executive compensation policies and programs;
- All special executive employment, compensation and retirement arrangements; and
- Compensation of the Company's directors, based on appropriate factors as determined by the Committee.

Review and assess on a periodic basis:

- The Company's compliance with laws and regulations relating to compensation and employee benefits, ERISA, labor laws, employment discrimination and other human resources matters;
- The Company's guidelines regarding director and employee stock ownership and the Company's policies and procedures governing compliance with applicable laws relating to director and employee ownership of securities of the Company; and
- The Company's policies and procedures relating to all 401(k) plans or similar plans maintained by the Company to purchase, sell or otherwise acquire or transfer any interest in the equity securities of the Company.

Tax-Qualified Plans - Recommend to the Board for Board action

- All Internal Revenue Service tax-qualified retirement plans and all plan amendments that are non-administrative in nature; fulfill ERISA fiduciary and non-fiduciary functions by approving and recommending to the Board for Board action:

- the designation of the trustee and the execution of trust agreements for any such plan or plans,
- the termination, merger or consolidation of any such plan or plans, and
- the extension of plan participation to employees of affiliates or subsidiaries.

Nonqualified Benefit Plans - Recommend to the Board for Board action

- All nonqualified benefit plans and all plan amendments that are non-administrative in nature; approve and recommend to the Board for its action:
 - the designation of the trustee and the execution of trust agreements for any such plan or plans;
 - the termination, merger or consolidation of any such plan or plans; and
 - the extension of plan participation to employees of affiliates or subsidiaries.
- Periodically review plan administration, participation and regulatory compliance of nonqualified plans.

Other Plan Duties

- Administer and carry out such other duties under stock option, stock incentive compensation or other plans approved by the Company as may be assigned to the Compensation Committee by the Board from time to time.

Analyses and Reports

- Report to the Board on any significant matters arising from the Committee's work, including awards for executive officers and special executive employment, compensation and retirement arrangements.
- Prepare any analysis or report on executive compensation required to be included in the Company's proxy statement and periodic reports pursuant to applicable federal securities rules and regulations, and recommend the inclusion of such analysis or report in the Company's proxy statement and periodic reports.

Meetings

The Committee may hold such meetings as are necessary or appropriate in order for the Committee to fulfill its responsibilities. When appropriate, the Committee may meet in separate executive session with management, employees, internal audit and the independent auditor to discuss matters that the Committee or the other groups believe warrant Committee attention.

Evaluation

The Committee shall review and reassess this Charter as needed and, if appropriate, propose changes to the Board.

General

In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

- One or more officers or employees of the Company whom the Committee member reasonably believes to be reliable and competent in the matters presented;
- Counsel, independent auditors, or other persons as to matters which the Committee member reasonably believes to be within the professional or expert competence of such person; and
- Other committees of the Board as to matters within their respective designated authority which committee the Committee member reasonably believes to merit confidence.

As of January 1, 2010, the Chelsea Therapeutics Compensation Committee is comprised of Drs. Clemens (Chairman), Stoll and Weiser.