

Charter of the Compensation Committee

Lumos Pharma, Inc.
Charter of the Compensation Committee

(AS APPROVED BY THE BOARD OF DIRECTORS ON MAY 10, 2013)

Purpose

The purpose of the Compensation Committee (the "**Committee**") of the Board of Directors (the "**Board**") of **Lumos Pharma, Inc.** (the "**Company**") shall be to act on behalf of the Board in fulfilling the Board's responsibilities to oversee the Company's compensation policies, plans and programs; to appoint and oversee any compensation consultants or advisors retained on behalf of the Company; to review and determine the compensation to be paid to the Company's executive officers and directors; to review and discuss with management the Company's disclosures contained under the caption "Compensation Discussion and Analysis" ("**CD&A**") for use in any of the Company's annual reports on Form 10-K, registration statements, proxy statements or information statements; and to prepare and review the Committee report on executive compensation included in the Company's annual proxy statement in accordance with applicable rules and regulations of the Securities and Exchange Commission (the "**SEC**") in effect from time to time. The term "compensation" shall include salary, long-term incentives, bonuses, perquisites, equity incentives, severance arrangements, retirement benefits and other related benefits and benefit plans.

Membership

The Committee shall consist of at least two (2) members of the Board of Directors. All members of the Committee shall satisfy (i) the independence requirements of The Nasdaq Stock Market ("**Nasdaq**") applicable to compensation committee members, as in effect from time to time, when and as required by Nasdaq, including any exceptions permitted by these requirements; (ii) the "non-employee director" standard within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act"); and (iii) the "outside director" standard within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended from time to time (the "Code").

A director of the Company shall not be eligible to serve on the Committee unless the Board has considered whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company, and whether such affiliation would impair such director's judgment as a member of the Committee; provided, that, the mere ownership of the Company's stock shall not preclude a director from serving on the Committee.

Members of the Committee shall not receive any consulting, advisory or other compensatory fee from the Company, other than fees received for service on the Board or on the Committee or fixed amounts of compensation received under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service).

The members of the Committee shall be appointed by and serve at the discretion of the Board. Vacancies occurring on the Committee shall be filled by the Board.

Structure and Processes

The Committee's chairperson shall be designated by the Board. The Committee shall hold such regular or special meetings

as its members deem necessary or appropriate. Minutes of each meeting of the Committee shall be prepared and distributed to each director of the Company and the Secretary of the Company promptly after each meeting. The Committee shall report to the Board from time to time and whenever requested to do so by the Board.

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 be governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice and quorum and voting requirements as are applicable to the Board.

Authority

Access to Management and Records

The Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder, including Company personnel preparing the CD&A for the Company's reports to be filed with the SEC.

Outside Advisors

The Committee shall have the authority, in its sole discretion, to obtain, at the expense of the Company, advice and assistance from internal or external legal, accounting or other advisors and compensation consultants. In addition, the Committee shall have sole authority to select, retain and terminate any compensation consultant to assist in the evaluation of director, chief Executive Officer or senior executive compensation, or to assist with any other responsibilities of the Committee, including sole authority to approve such consultant's reasonable fees and other retention terms, all at the Company's expense. Other reasonable expenditures for external resources that the Committee deems necessary or appropriate in the performance of its duties are permitted. Nothing in this charter shall require the Committee to implement or act consistently with the advice or recommendations of any compensation consultant or other advisor.

Before selecting or receiving advice from any compensation consultant, legal counsel or other advisor to the Committee, other than in-house legal counsel, the Committee shall conduct an independence assessment, taking into consideration the factors required by Nasdaq Rule 5605(d) and Exchange Act Rule 10C-1(b)(4), as applicable, each as in effect from time to time (the "Independence Factors"); provided, that, the Committee shall not be required to conduct an independence assessment for a compensation consultant or other advisor that acts in a role limited to activities for which no disclosure is required under Item 407(e)(3)(iii) of Regulation S-K under the Exchange Act, including (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers, as that term is defined in Section 16 of the Exchange Act and Rule 16a-1 thereunder ("Executive Officers") or directors of the Company, and that is available generally to all salaried employees; or (b) providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the advisor, and about which the advisor does not provide advice. Nothing in this charter shall require any compensation consultant or other advisor selected or retained by the Committee or from which the Committee receives advice to be independent, provided that the Committee has considered the Independence Factors with respect to such consultant or advisor.

Delegation of Authority

The Committee may form and delegate authority to subcommittees as appropriate, including, but not limited to, a subcommittee composed of one or more members of the Board to grant stock awards under the Company's equity incentive plans to persons who are not (a) "Covered Employees" under Section 162(m) of the Code; (b) individuals with respect to whom the Company wishes to comply with Section 162(m) of the Code; or (c) then subject to Section 16 of the Exchange Act.

The approval of this Compensation Committee Charter by the Board shall be construed as a delegation of authority to the Committee with respect to the powers and responsibilities set forth herein.

Responsibilities

To implement the Committee's purpose and policies, the Committee shall be charged with the following duties and responsibilities. The Committee may supplement and, except as otherwise required by applicable law or the requirements of Nasdaq, deviate from these activities as appropriate under the circumstances:

1. *Overall Compensation Strategy.* The Committee shall review, modify (as needed) and approve the overall

compensation strategy and policies for the Company, including:

- » reviewing and approving corporate performance goals and objectives relevant to the compensation of the Company's Executive Officers and other senior management, as requested by the Board;
- » evaluating and recommending to the Board for approval the compensation plans and programs advisable for the Company, as well as evaluating and recommending to the Board for approval the modification or termination of existing plans and programs;
- » establishing policies with respect to equity compensation arrangements; and
- » reviewing and approving the terms of any employment agreements, severance arrangements, change-of-control protections and any other compensatory arrangements (including, without limitation, perquisites and any other form of compensation) for the Company's Executive Officers and other senior management, as requested by the Board of Directors.

2. *Compensation of Chief Executive Officer.*

The Committee shall recommend to the Board for determination and approval the compensation and other terms of employment of the Company's Chief Executive Officer and shall evaluate the Chief Executive Officer's performance in light of relevant corporate performance goals and objectives.

In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee should consider the Company's performance and relative stockholder return, the value of similar incentive awards given to chief executive officers of comparable companies, the awards given to the Company's Chief Executive Officer in past years, and such other criteria as the Committee deems advisable. The Chief Executive Officer may not be present during the voting or deliberations regarding his or her compensation.

3. *Compensation of Other Executive Officers.* The Committee shall review and approve the individual and corporate performance goals and objectives of the Company's Executive Officers that are periodically established. The Committee shall determine and approve or recommend to the Board for determination and approval the compensation and other terms of employment of the Executive Officers taking into consideration the Executive Officer's success in achieving his or her individual performance goals and objectives and the corporate performance goals and objectives deemed relevant to the Executive Officer as established by the Committee.
4. *Compensation of Directors.* The Committee shall review and recommend to the Board the type and amount of compensation to be paid or awarded to Board members, including consulting, retainer, Board meeting, committee and committee chair fees and stock option grants or awards, subject to the restrictions on fees in the section above entitled "Membership."
5. *Benefit Plans.* The Committee shall recommend to the Board the adoption, amendment and termination of the Company's stock option plans, stock appreciation rights plans, pension and profit-sharing plans, incentive plans, stock bonus plans, stock purchase plans, bonus plans, deferred compensation plans and similar programs. The Committee shall have full power and authority to administer these plans, establish guidelines, interpret plan documents, select participants, approve grants and awards, and exercise such other power and authority as may be permitted or required under such plans.
6. *Compensation Discussion and Analysis.* The Committee shall review and discuss with management the Company's disclosures contained under the caption "Compensation Discussion and Analysis" for use in any of the Company's annual reports on Form 10-K, registration statements, proxy statements or information statements and make recommendations to the Board that the CD&A be approved for inclusion in the Company's annual reports on Form 10-K, registration statements, proxy statements or information statements.
7. *Committee Report.* The Committee shall prepare and review the Committee report on executive compensation to be included in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.
8. *Compensation Consultant Conflict Determination.* The Committee shall determine whether the work of any compensation consultant or other advisor engaged by the Committee (or by the Board or management of the Company, if such engagement is authorized under this charter and other actions of this Committee or the Board) raises a conflict of interest, and, if the Committee determines that such a conflict of interest exists, shall inform the Board of the nature of the conflict and shall make recommendations to the Board regarding any steps to address the conflict. In determining whether any such conflict of interest has been raised, the Committee shall consider the Independence Factors with respect to the compensation consultant or other advisor.
9. *Insurance Coverage.* The Committee shall review and establish appropriate insurance coverage for the Company's directors and Executive Officers.
10. *Committee and Charter Assessment.* The Committee shall review, discuss and assess its own performance at least annually. The Committee shall also review and assess the adequacy of this charter at least annually, including the Committee's role and responsibilities as outlined in this charter, and shall recommend any proposed changes to the Board for its consideration.