

**[PRIVILEGED & CONFIDENTIAL]**

**REXAHN PHARMACEUTICALS, INC.**

**COMPENSATION COMMITTEE CHARTER**

**Adopted May 1, 2006**

**Purpose**

The Compensation Committee (the "Committee") is appointed by the Board of Directors of Rexahn Pharmaceuticals, Inc. (the "Company") to discharge the Board's responsibilities relating to compensation of the Company's officers and directors and the Company's incentive compensation, deferred compensation and equity-based plans.

**Committee Membership**

The Committee shall consist of at least three members, one of whom shall be designated the chairman, and each of whom shall meet the criteria for independence required by the American Stock Exchange. The members and the chairman of the Committee shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee. Members of the Committee may be replaced by the Board.

**Committee Authority and Responsibilities**

The Committee shall have direct responsibility to:

1. Fix salaries of all executive officers, and review annually the salary plan for other executives in senior general management positions.
2. Annually review and make recommendations to the Board of Directors with respect to the compensation and benefits for non-employee Directors, including through equity-based plans. In discharging this duty, the Compensation Committee shall be guided by three goals: compensation should fairly pay Directors for the work required; compensation should align Directors' interests with the long-term interests of shareholders; and the structure of the compensation should be simple, transparent and easy for shareholders to understand.
3. Evaluate the performance of the Company's CEO and other senior executives, assist the Board in developing and evaluating potential candidates for executive positions and oversee plans for management succession and development.
4. Review the design and competitiveness of, and make recommendations to the Board with respect to, non-CEO compensation and the Company's incentive compensation, deferred compensation and equity-based plans.

5. Administer the Company's incentive compensation, deferred compensation and equity-based plans pursuant to the terms of the respective plans.
6. Have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or senior executive compensation and have sole authority to approve the consultant's fees and other retention terms.
7. Have the authority, without seeking approval from the Board of Directors, to retain independent legal, financial, accounting or other advisors.
8. Annually review and approve corporate goals and objectives, evaluate the Company's performance and the CEO's performance in light of those goals and objectives, and, either as a committee or together with other independent directors (as determined by the Board), determine and approve the CEO's compensation levels based on this evaluation.
9. Prepare and submit the compensation committee report or other report on executive compensation as required by the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Company's annual proxy statement or annual report on Form 10-KSB filed with the SEC and review the compensation section of the proxy statement.
10. Make regular reports to the Board of Directors.
11. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.
12. Annually review its own performance.
13. Fulfill such other duties and responsibilities as may be assigned to the Committee by the Board of Directors or as designated in plan documents.

The Committee may form and delegate authority to subcommittees consisting of one or more of its members, when appropriate.

### **Meetings**

The Committee shall meet at least three times a year, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable.

For the transaction of any business at any meeting of the Committee, a majority of the members shall constitute a quorum. The Committee shall take action by the affirmative vote of a majority of the members present at a duly held meeting. The Committee may also take action by unanimous written consent to the fullest extent permitted by the Delaware General Corporation Law.