

COMPENSATION COMMITTEE CHARTER CAPRICOR THERAPEUTICS, INC.

This Compensation Committee Charter (the “Charter”) was adopted by the Board of Directors (the “Board”) of Capricor Therapeutics, Inc., a Delaware corporation (the “Company”), on November 22, 2013.

Certain provisions of this Charter were prepared with a view towards governance of the Company following a listing of the Company’s common stock on the Nasdaq Stock Market LLC (“Nasdaq”). Accordingly, not all provisions of this Charter may be appropriate during such time as the Company is not listing on Nasdaq. The Board or the Compensation Committee of the Board (the “Committee”) reserves the right to waive or not to implement any of the provisions of this Charter which it may determine in its sole discretion to defer until such time as a Nasdaq listing has been effected, without the need for a formal amendment of this Charter.

I. PURPOSE

The purpose of the Committee is (a) to discharge the Board’s responsibilities relating to compensation of the Company’s executives, including by designing (in consultation with management or the Board), recommending to the Board for approval, and evaluating the compensation plans, policies and programs of the Company and (b) to review, discuss with management and approve the Company’s disclosures relating to executive compensation for use in any of the Company’s annual reports on Form 10-K, registration statements, proxy statements or information statements. The Committee shall ensure that compensation programs are designed to encourage high performance, promote accountability and ensure that employee interests are aligned with the interests of the Company’s stockholders.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it. The approval of this Charter shall be construed as a delegation of authority to the Committee with respect to the responsibilities set forth herein.

II. MEMBERSHIP

The Committee shall be composed of at least three (3) members of the Board, none of whom shall be an employee of the Company and each of whom shall (a) be independent in accordance with the provisions of Rule 10C-1(b)(1) under the Exchange Act, (b) satisfy the independence requirements of Nasdaq, (c) be a “non-employee director” within the meaning of Rule 16b-3 of the Exchange Act and (d) be an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”).

The members of the Committee, including the Chairperson of the Committee (the “Chair”), shall be appointed by the Board based on recommendations from the Company’s Nominating and Corporate Governance Committee. Committee members may be removed from the Committee, with or without cause, by the Board. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

III. MEETINGS AND PROCEDURES

The Chair (or in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company’s bylaws that are applicable to the Committee.

The Committee shall meet on a regularly scheduled basis at least twice a year and more frequently as the Committee deems necessary or desirable. The Committee, through the Chair, shall report to the Board following meetings of the Committee and as otherwise requested by the Chair of the Board.

All non-management directors who are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company’s management, representatives of the independent auditors, any other financial personnel employed or retained by the Company or any other person whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the Chief Executive Officer of the Company (the “CEO”) may not be present during voting or deliberations concerning his or her compensation, and the Committee may exclude from its meetings any persons it deems appropriate, including but not limited to, any non-management director who is not a member of the Committee.

The Committee shall have the authority, in its sole discretion, to select, retain and obtain, at the expense of the Company, advice and assistance from internal or external legal, accounting or other advisors and consultants. In addition, the Committee shall have sole authority to retain and terminate any compensation consultant to assist in the evaluation of director, chief executive

officer or senior executive compensation, 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, and the Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to internal or external legal, accounting or other advisors and consultants retained by the Committee. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any internal or external legal, accounting or other advisors and consultants retained by the Committee. The Committee shall select an internal or external legal, accounting or other advisor or consultant only after taking into consideration the independence of such internal or external legal, accounting or other advisor or consultant using factors established by law, the rules and regulations of the SEC and the requirements of Nasdaq, including without limitation the following factors:

- the provision of other services to the Company by the person that employs the advisor or consultant;
- the amount of fees received from the Company by the person that employs the advisor or consultant, as a percentage of such person's total revenue;
- the policies and procedures of the person employing the advisor or consultant that are designed to prevent conflicts of interest;
- any business or personal relationship of the advisor or consultant with a Committee member;
- any stock of the Company owned by the advisor or consultant; and
- any business or personal relationship of the advisor or consultant, or the person employing the advisor or consultant, with an executive officer of the Company.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K. Any compensation consultant retained by the Committee to assist with its responsibilities relating to executive compensation shall not be retained by the Company for any compensation or other human resource matters.

IV. DUTIES AND RESPONSIBILITIES

1. The Committee shall, at least annually, review the compensation philosophy of the Company.

2. The Committee shall, at least annually, review and approve corporate goals and objectives relating to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives and determine and approve (or, if it deems appropriate, recommend to the Board for determination and approval) the compensation of the CEO based on such evaluation. The Committee shall have sole authority to determine the CEO's compensation. In determining the long-term incentive component of the CEO's compensation, the Committee shall

seek to achieve an appropriate level of risk and reward, taking into consideration the Company's performance and relative stockholder return, the potential benefits and costs to the Company of the award, the value of similar incentive awards given to chief executive officers of comparable companies, the awards given to the CEO in past years, other elements of the CEO's compensation, including total compensation and such other criteria as the Committee deems advisable, including the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Exchange Act (the "Say on Pay Vote"), if applicable.

3. The Committee shall, at least annually, review and approve (or, if it deems appropriate, recommend to the Board for determination and approval) the compensation for all other executive officers (as such term is defined in Rule 3b-7 of the Exchange Act) of the Company and any other members of senior management, as applicable, taking into consideration the executive officer's or senior manager'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 or senior manager as established by the Committee. In evaluating the compensation of the Company's other executive officers, the Committee shall consider the results of the most recent Say on Pay Vote, if applicable.

4. The Committee shall review and approve (or, if it deems appropriate, make recommendations to the full Board regarding) the type and amount of compensation to be paid or awarded to non-employee members of the Board, including consulting, retainer, Board meeting, committee and committee chairperson fees, equity incentives and any deferred compensation arrangements or similar programs.

5. The Committee shall review and approve (or, if it deems appropriate, recommend to the Board for determination and approval) the terms of any employment agreements, severance arrangements, change-of-control protections and any other compensatory arrangements (including, without limitation, any material perquisites and any other form of compensation) for the Company's CEO, other executive officers and other senior management, as appropriate.

6. The Committee shall manage and periodically review and approve (or, if it deems appropriate, make recommendations to the full Board regarding) the adoption, amendment and termination of all annual bonus, long-term incentive compensation, stock option, employee pension and welfare benefit plans, including 401(k) plans, employee stock purchase plans, long term incentive plans, management incentive plans and others, and with respect to each plan shall have responsibility for:

(a) general administration;

(b) setting performance targets under all annual bonus and long-term incentive compensation plans as appropriate and committing to writing any and all performance targets for all executive officers who may be "covered employees" under Section 162(m) of the Code within the first ninety (90) days of the performance period to which such target relates or, if shorter, within the period provided by Section 162(m) of the Code in order for such target to be "pre-established" within the meaning of Section 162(m);

(c) certifying that any and all performance targets used for any performance-based equity compensation plans have been met before payment of any executive bonus or compensation or exercise of any executive award granted under any such plan(s);

(d) approving all amendments to, and terminations of, all compensation plans and any awards under such plans;

(e) granting any awards under any performance-based annual bonus, long-term incentive compensation and equity compensation plans, including stock options and other equity rights (e.g., restricted stock, stock purchase rights);

(f) approving which employees or consultants are entitled to awards under the Company's stock option plan(s); and

(g) repurchasing securities from terminated employees.

All periodic plan reviews should include reviewing the plan's administrative costs and current plan features relative to any proposed new features, and assessing the performance of the plan's internal and external administrators if any duties have been delegated.

7. The Committee shall establish and periodically review policies concerning perquisite benefits.

8. The Committee shall review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, and shall review and discuss at least annually the relationship between the Company's risk management policies and practices and compensation, and evaluate compensation policies and practices that could mitigate any such risk.

9. The Committee shall review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on the frequency of Say on Pay Votes, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in each annual meeting proxy statement of the Company.

10. The Committee shall periodically review the need for a Company policy regarding compensation paid to the Company's executive officers in excess of limits deductible under Section 162(m) of the Code.

11. The Committee shall determine the Company's policy with respect to change of control or "parachute" payments.

12. The Committee shall manage and review executive officer and director indemnification and insurance matters.

13. The Committee shall manage and review any employee loans.

14. The Committee shall evaluate its own performance on an annual basis, including its compliance with this Charter, and provide any written material with respect to such evaluation to the Board, including any recommendations for changes in procedures or policies governing the Committee. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.

15. The Committee shall review and reassess this Charter at least annually and submit any recommended changes to the Board for its consideration.

V. DELEGATION OF DUTIES

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.