

SCOLR Pharma, INC.

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

I. STATEMENT OF POLICY

This Charter specifies the scope of the responsibilities of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of SCOLR Pharma, Inc. (the “Company”) and the manner in which those responsibilities shall be performed, including its structure, processes and membership requirements.

The primary purpose of the Committee is to discharge the Board’s responsibilities relating to compensation and benefits of the Company’s executive officers and directors. In carrying out these responsibilities, the Committee shall review all components of executive officer and director compensation for consistency with the Committee’s compensation philosophy as in effect from time to time.

The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with applicable rules and regulations.

II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS

The Committee shall be comprised of three or more directors, each of whom shall satisfy the independence requirements of the American Stock Exchange as in effect from time to time. A director shall not serve as a member of the Committee if the Chief Executive Officer or another executive officer of the Company serves on the compensation committee of another company that employs that director as an executive officer.

The members of the Committee shall be appointed by the Board on the recommendation of the Board and shall serve until their successors are duly elected and qualified or their earlier resignation or removal. Any member of the Committee may be removed or replaced by the Board. Unless a chairman is elected by the full Board, the members of the Committee may designate a chairman by majority vote of the full Committee membership. The Committee may, from time to time, delegate duties or responsibilities to subcommittees or to one member of the Committee as appropriate.

The Committee shall have the authority to obtain advice or assistance from consultants, legal counsel, accounting or other advisors as appropriate to perform its duties hereunder, and to determine the terms, costs and fees for such engagements. Without limitation, the Committee shall have the sole authority to retain or terminate any consulting firm used to evaluate director, CEO or executive compensation, and to determine and approve the terms, costs and fees for such engagements. The fees and costs of any consultant or advisor engaged by the Committee to assist the Committee in it in performing its duties hereunder shall be borne by the Company.

III. MEETINGS

The Committee shall meet from time to time as it deems necessary to review the compensation of the executive officers and directors of the Company, and otherwise perform its duties under this Charter, but not less frequently than once each year. The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

A majority of the members shall represent a quorum of the Committee, and, if a quorum is present, any action approved by at least a majority of the members present shall represent the valid action of the Committee.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

To fulfill its responsibilities and duties, the Committee shall:

1. Review and approve all compensation for the Chief Executive Officer, including incentive-based and equity-based compensation.
2. Review and approve annual performance objectives and goals relevant to compensation for the Chief Executive Officer and evaluate the performance of the Chief Executive Officer in light of these goals and objectives.
3. Consider, in determining the long-term incentive component of compensation for the Chief Executive Officer, the Company's performance, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company's Chief Executive Officer in past years.
4. Review and approve incentive-based or equity-based compensation plans in which the Company's executive officers participate, and review and approve salaries, incentive and equity awards for other executive officers.
5. Approve all employment, severance, or change-in-control agreements, special or supplemental benefits, or provisions including the same, applicable to executive officers.
6. Periodically review and advise the Board concerning both regional and industry-wide compensation practices and trends in order to assess the adequacy and

competitiveness of the Company's executive compensation programs among comparable companies in the Company's industry.

7. Review and propose to the Board from time to time changes in director and committee member compensation and director retirement policies.
8. Prepare the report on executive compensation required by the rules of the SEC to be included in the Company's annual proxy statement.
9. Perform such other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.
10. Report to the Board on the Committee's activities, recommendations and conclusions, as appropriate.
11. Review and reassess the Charter's adequacy as appropriate and recommend any proposed changes to the Board for approval.