

VITAL THERAPIES, INC.
COMPENSATION COMMITTEE CHARTER

Adopted and approved September 9, 2013.

PURPOSE

The purpose of the Compensation Committee of the Board of Directors (the “**Board**”) of Vital Therapies, Inc. (the “**Company**”) shall be to:

- assist the Board in providing oversight of the Company’s compensation policies, plans and benefits programs;
- assist the Board in discharging the Board’s responsibilities relating to oversight of the compensation of the Company’s Chief Executive Officer (“**CEO**”), its executive officers (including officers reporting under Section 16 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)) and its employees with a VP or more senior title;
- review and make recommendations to the Board with respect to the Company’s CEO and executive officer compensation, plans, policies and programs; and
- administer the Company’s equity compensation plans for its executive officers and employees.

The Compensation Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the “**SEC**”) to be included in the Company’s annual proxy statement.

MEMBERSHIP REQUIREMENTS

The Compensation Committee members will be appointed by, and will serve at the discretion of, the Board, upon the recommendation of the Lead Director, if any. Compensation Committee members may be replaced by the Board. The Compensation Committee shall consist of at least two (2) members of the Board. Members of the Compensation Committee must meet the following independence criteria:

- the independence requirements of The NASDAQ Stock Market, Inc. (“**NASDAQ**”) Market Place Rules;
- the non-employee director definition of Rule 16b-3 promulgated by the SEC under Section 16 of the Exchange Act;
- the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended; and

- the requirements set forth in Rule 10C-1 adopted by the SEC under the Exchange Act and implemented by NASDAQ, when applicable.

The Board may designate one member of the Compensation Committee as its chair.

AUTHORITY AND RESPONSIBILITIES

The Compensation Committee shall have the full delegated authority of the Board to carry out the following:

- The Compensation Committee shall review and make recommendations for approval by the Board regarding corporate goals and objectives relevant to the compensation of the CEO, evaluate his or her performance in light thereof and communicate the results to the Board, and consider identified and other factors related to the performance of the Company when reviewing and making recommendations to the Board regarding the compensation level of the CEO.
- The Compensation Committee shall annually review and make recommendations for approval by the Board regarding the CEO's (1) annual base salary, (2) annual incentive bonus, including the specific goals and amount, (3) equity compensation, (4) any employment agreement, severance arrangement and change in control agreement/provision, (5) any signing bonus or payment of relocation costs and (6) any other benefits, compensation or arrangements. The CEO shall not participate in any deliberations or voting regarding such officer's compensation.
- For the other executive officers identified by the Compensation Committee, the Compensation Committee shall review annually and make recommendations for approval by the Board regarding items (1) through (6) in the previous bullet.
- The Compensation Committee shall administer the Company's equity incentive plans. In its administration of the plans, the Compensation Committee shall make recommendations for approval by the Board regarding (i) the grant of stock options or stock purchase rights to individuals eligible for such grants (including grants to officers and directors of the Company) in accordance with procedures and guidelines as may be established by the Board, and (ii) amendments to such stock options or stock purchase rights. The Compensation Committee shall also make recommendations to the Board with respect to amendments to the plans and changes in the number of shares reserved for issuance thereunder.
- The Compensation Committee shall assist the Board in providing oversight of the Company's overall compensation plans and benefits programs. The Compensation Committee shall make recommendations to the Board with respect to improvements or changes to such plans and programs and the adoption of new plans and programs when appropriate.
- The Compensation Committee shall review any employment, severance or change-in-control agreement proposed to be entered into between the Company and any employee with a VP or more senior title, and shall recommend such agreement to the Board for approval.

- The Compensation Committee shall periodically review the Company’s compensation practices for employees to assess whether the risks arising from such policies are reasonably likely to have a material adverse effect on the Company.
- The Compensation Committee shall establish for approval by the Board stock ownership guidelines for directors and key members of executive management, and periodically review compliance with such guidelines.
- The Compensation Committee shall review and discuss with management the Company’s disclosures contained under the caption “Compensation Discussion and Analysis” (“CD&A”), in any registration statement, annual report on Form 10-K, proxy statement or information statement filed by the Company with the SEC.
- The Compensation Committee shall prepare or cause to be prepared and review the Compensation Committee report to be included in the Company’s annual proxy statement in accordance with applicable SEC rules and regulations, including whether the Compensation Committee reviewed and discussed the CD&A with management and based on that review and those discussions, whether the Compensation Committee recommended to the Board that the CD&A be approved for inclusion in the Company’s annual report on Form 10-K, proxy statement or information statement.
- The Compensation Committee shall make regular reports to the Board.
- The Compensation Committee shall review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval.
- The Compensation Committee shall annually review its own performance.
- The Compensation Committee shall perform such other functions as assigned by law, the Company’s certificate of incorporation or bylaws or the Board.

OPERATIONS

The Compensation Committee will set its own schedule of meetings and will meet at least [quarterly], with the option of holding additional meetings at such times as it deems necessary. The Compensation Committee will 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 of the Compensation Committee shall constitute a quorum for the transaction of business. The Compensation Committee may act only upon approval of a majority of its members. The action of the Compensation Committee at a meeting at which a quorum is present shall be the act of the Compensation Committee. The Compensation Committee may act in writing by the unanimous consent of its members.

The Compensation Committee shall consult with the Lead Director, if any, on the matters within the Lead Director’s authority as specified in the Company’s bylaws. The Compensation Committee may invite the Lead Director, if any, Chairman (or Co-Chairmen) of the Board, if any, the Chief Executive Officer or others to attend all or a portion of its meetings. The Compensation Committee shall have the opportunity at each regularly scheduled meeting to meet in executive session without the presence of management.

The Compensation Committee may, in its sole discretion, retain and terminate, as appropriate, any compensation consultant, outside legal or other advisors to advise or assist the Compensation Committee in the performance of any of the responsibilities and duties set forth in this Charter, but only after taking into account the independence factors set forth in the applicable rules of the SEC and NASDAQ prior to selecting and receiving advice from such consultants and advisors. The Compensation Committee will be directly responsible for the appointment, compensation and oversight of any consultants and advisors retained by the Compensation Committee, including having sole authority to approve related fees and retention terms for such consultants and advisors. The Company will provide the Compensation Committee with appropriate funding, as such Compensation Committee determines, for the payment of compensation to any compensation consultant, outside legal or other advisors as the Compensation Committee deems appropriate, and administrative expenses of the Compensation Committee that are necessary or appropriate in carrying out its duties.

The Compensation Committee may form subcommittees for any purpose that the Compensation Committee deems appropriate and may delegate to such subcommittees such power and authority as the Compensation Committee deems appropriate. The Compensation Committee shall not delegate to a subcommittee any power or authority required by agreement, law, regulation or listing standard to be exercised by the Compensation Committee as a whole.