

**CHF SOLUTIONS, INC.**  
**CHARTER OF THE COMPENSATION COMMITTEE**

**MAY 2015**

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**PURPOSE**

The purpose of the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of CHF SOLUTIONS, INC., a Delaware corporation (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, and to review and determine the compensation to be paid to the Company’s executive officers, as well as to prepare and review the Committee report 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 Committee shall provide guidance with respect to the purpose and principles behind the Company’s compensation decisions and overall compensation philosophy and objectives. The term “compensation” shall include salary, long-term incentives, bonuses, perquisites, equity incentives, severance arrangements, retirement benefits and other related benefits and benefit plans.

**COMPOSITION**

The Committee shall consist of at least two members of the Board of Directors. All members of the Committee shall satisfy the independence requirements of The Nasdaq Stock Market (“*Nasdaq*”), as in effect from time to time, when and as required by Nasdaq, including any exceptions permitted by these requirements. At least two members of the Committee shall satisfy the “non-employee director” standard within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended from time to time (the “*Exchange Act*”), and, if deemed appropriate by the Board or the Committee, 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*”). 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. The Chairman of the Committee shall be designated by the Board.

**MEETINGS AND MINUTES**

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 Chairman of the Committee shall report to the Board from time to time, or whenever so requested by the Board. The Committee will be governed by the same rules regarding meetings of the Board (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements that are applicable to the Board.

## **AUTHORITY**

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 human resources and other personnel preparing the Compensation Discussion and Analysis (the “*CD&A*”) included in the Company’s annual report or proxy statement to be filed with the SEC (to the extent required). The Committee shall have the authority to 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 the authority in its sole discretion to retain or obtain the advice of any compensation consultant, legal counsel or other advisor at the Company’s expense and shall be directly responsible for the appointment, compensation and oversight of the work of such compensation consultant, legal counsel or other advisor; provided, however, that in the exercise of its judgment the Committee shall not be required to implement or act consistently with the advice or recommendations of any compensation consultant, legal counsel or other advisor. Other reasonable expenditures for external resources that the Committee deems necessary or appropriate in the performance of its duties are permitted. The Committee shall have authority to require that any of the Company’s personnel, counsel, accountants or investment bankers, or any other consultant or advisor to the Company attend any meeting of the Committee or meet with any member of the Committee or any of its special legal, accounting or other advisors and consultants. 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 (i) “Covered Employees” under Section 162(m) of the Code, (ii) individuals with respect to whom the Company wishes to comply with Section 162(m) of the Code or (iii) then subject to Section 16 of the Exchange Act. 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 approval of this Charter by the Board shall be construed as a delegation of authority to the Committee with respect to the responsibilities set forth herein.

## **RESPONSIBILITIES**

To implement the Committee’s purpose and policies, the Committee shall be charged with the following duties and responsibilities, which the Committee shall fulfill in the exercise of its own judgment. 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 and Policies.*** The Committee shall review, modify (as needed) and approve the overall compensation strategy and policies for the Company, including:

- reviewing and approving individual and corporate performance goals and objectives relevant to the compensation of the Company’s executive officers;
- reviewing the compensation paid to non-employee directors for their service on the Board and its committees and recommending any changes considered appropriate to

the full Board for its approval;

- evaluating and recommending to the Board the compensation plans and programs advisable for the Company, as well as modification or termination of existing plans and programs;
- evaluating risks associated with and potential consequences of the Company's compensation policies and practices, as applicable to all employees of the Company, and assessing whether risks and consequences arising from the Company's compensation policies and practices for its employees, as may be mitigated by any other compensation policies and practices, are reasonably likely to have a material adverse effect on the Company;
- establishing policies with respect to equity compensation arrangements and incentive-based compensation based on financial information that the Company is required to report under the Exchange Act and other securities laws; 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.

**2. *Compensation of Chief Executive Officer.*** The Committee shall recommend the compensation and other terms of employment of the Company's Chief Executive Officer to the Board for approval and shall evaluate the Chief Executive Officer's performance in light of relevant individual and corporate performance goals and objectives. The Chief Executive Officer shall not be present during deliberations or during voting 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 other executive officers. The Committee shall determine and approve the compensation and other terms of employment of these executive officers, taking into consideration their success in achieving individual performance goals and objectives and the corporate performance goals and objectives deemed relevant as established by the Committee. The Committee may consider the recommendations of the CEO and other executive officers as appropriate.

**4. *Administration of 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.

**5. *Compensation Discussion and Analysis.*** The Committee shall review and discuss with management the Company's disclosures contained under the CD&A section of its annual report or proxy statement to be filed with the SEC (to the extent required).

**6. *Committee Report.*** The Committee shall prepare and review the Committee report to be included in the Company's annual proxy statement in accordance with applicable SEC rules and regulations, including whether the Committee reviewed and discussed the CD&A with management, and based on that review and those discussions, whether the Committee recommended to the Board that the CD&A be approved for inclusion in the Company's annual report or proxy statement to be filed with the SEC (to the extent required).

**7. *Stockholder Compensation Proposals.*** The Committee shall review compensation-related proposals, whether required or otherwise, made for consideration at a stockholder's meeting, and make recommendations to the Board as appropriate. If a compensation-related proposal is made by a stockholder, such review will only be conducted if such proposal was made in accordance with the Company's Certificate of Incorporation and Bylaws, each as in effect from time to time, and applicable law.

**8. *Independence of Advisors.*** Prior to selecting, or receiving advice from, any compensation consultant, legal counsel or other advisor, other than in-house legal counsel, the Committee shall review, discuss and consider the factors set forth in the SEC rules and regulations promulgated under Section 10C-1 of the Exchange Act, as well as any other factors identified by applicable Nasdaq rules.

**9. *Committee Self-Assessment.*** The Committee shall review, discuss and assess its own performance at least annually.

**10. *Charter.*** The Committee shall, at least annually, review and assess the adequacy of this Charter, including the Committee's role and responsibilities as outlined in this Charter, and shall recommend any proposed changes to the Board for its consideration.