

deCODE genetics, Inc.

**COMPENSATION COMMITTEE CHARTER
APPROVED BY THE BOARD OF DIRECTORS 11 MAY 2004**

I. PURPOSES

The primary function of the Compensation Committee (the "Committee") is to review and approve on behalf of the Company all issues and matters concerning the compensation of employees and officers of, and consultants to, the Company, subject to the supervision and control of, and in accordance with objectives and policies from time to time instituted by, the Board of Directors (the "Board").

II. MEMBERSHIP

The Committee shall consist of at least two members of the Board, each of whom shall be (i) "independent," as determined in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") and the Nasdaq Stock Market ("Nasdaq") or any other applicable exchange or stock market, (ii) a "non-employee director" as such term is defined for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, and (iii) an "outside director" as such term is defined for the purposes of Section 162(m) of the Internal Revenue Code. The foregoing notwithstanding, if the Committee consists of at least three members, one non-independent director may serve on the Committee pursuant to the "exceptional and limited circumstances" exception under Nasdaq rules, provided, however, that such director may not serve for more than two years. The Board shall appoint a Committee member to serve as the chairperson of the Committee.

III. MEETINGS

The Committee shall meet at least once per year or more frequently as circumstances require. The Committee may ask members of management or others to attend its meetings and to provide pertinent information as it deems necessary or appropriate, provided, however, that the Chief Executive Officer shall not be present at any meeting of the Committee during deliberations or voting on his or her compensation.

IV. RESPONSIBILITIES AND AUTHORITY

The Committee shall be responsible for:

1. Ensuring that the Company's compensation programs are supportive of the Company's mission and long range plans;
2. Ensuring that the Company's compensation programs comply with applicable requirements of law, of any exchange or stock market on which the Company's securities are listed and of any other governing or regulatory authority;

3. Defining Company compensation philosophy and objectives;
4. Approving Company compensation policies and reviewing procedures;
5. Communicating performance expectations to the Chief Executive Officer;
6. Reviewing performance of the Company's officers;
7. Reviewing and approving compensation packages for officers;
8. Reviewing compensation budgets and general actions relative to employee compensation, benefits and related matters;
9. Negotiating the terms of employment and any employment contract of the Chief Executive Officer;
10. Directing the on-going review and maintenance of the Company's compensation programs;
11. Acting as the Administrator under the Company's 1996 Equity Incentive Plan, as amended from time to time, and 2002 Equity Incentive Plan, as amended from time to time; and
12. Reporting actions with respect to compensation matters in connection with the proxy statement for the annual meeting of stockholders as prescribed by applicable law and the requirements of any exchange or stock market on which the Company's securities are listed.

The Committee shall have the authority to hire and compensate consultants and advisers to assist it in fulfilling its mission as it deems necessary or appropriate.