

LEXICON GENETICS INCORPORATED
COMPENSATION COMMITTEE CHARTER

General Purpose

The Compensation Committee (the “Committee”) of Lexicon Genetics Incorporated (the “Company”) is appointed by the Board of Directors of the Company (the “Board”) to discharge the responsibilities of the Board relating to compensation of the Company’s chief executive officer and other executive officers.

Committee Membership

The Committee shall consist of no fewer than two members. The members of the Committee shall meet the independence requirements of The Nasdaq Stock Market, Inc. (or any other exchange on which the Company’s securities are listed) and the Securities Exchange Act of 1934, including all rules and regulations promulgated thereunder (the “Exchange Act”). The Committee members shall also be “non-employee directors” as defined by Rule 16b-3 under the Exchange Act and “outside directors” as defined by Section 162(m) of the Internal Revenue Code. The members of the Committee shall be appointed or replaced by the Board on the recommendation of the Chairman of the Board.

Meetings

The Committee shall meet as often as it determines, but not less frequently than annually. The Committee may request any officer or employee of the Company or the Company’s outside counsel to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.

Committee Authority and Responsibilities

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, provided that decisions of such subcommittee shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain compensation consultants or other advisors to assist in its evaluation of executive compensation. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any such consultants or other advisors retained by the Committee.

The Committee shall make regular reports to the Board and shall prepare the report required by the Exchange Act to be included in the Company’s annual proxy statement. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for its approval. The Committee shall annually review the Committee’s own performance.

The Committee, to the extent it deems necessary or appropriate, shall:

1. Evaluate the performance of the Company’s chief executive officer and other executive officers in light of approved performance goals and objectives.
2. Determine the compensation of the Company’s chief executive officer and other executive officers based upon (a) the evaluation of the performance of such officers, (b) the

Company's overall performance, (c) the compensation awarded to chief executive officers and other executive officers at comparable companies and (d) such other factors as the Committee may reasonably determine.

3. Administer the Company's 2000 Equity Incentive Plan, under which stock option grants and other stock awards may be made to the Company's employees.

The Committee shall also have such other authority and responsibilities as may be determined from time to time by the Board.