

**AKORN, INC.**  
**COMPENSATION COMMITTEE CHARTER**

**I. PURPOSE**

The purpose of the Compensation Committee (the “Compensation Committee”) of Akorn, Inc. (the “Company”) is to establish annual and long-term performance goals for the Company’s Chief Executive Officer, Chief Financial Officer and other elected officers. The Compensation Committee also establishes the compensation for, and evaluates the performance of such officers.

**II. MEMBERSHIP**

The Compensation Committee shall consist of three or more Directors, all of whom in the judgment of the Board of Directors (the “Board”) shall be independent of management. A person may serve on the Compensation Committee only if he or she satisfies the definition of an “independent director” and “compensation committee composition” requirements as set forth in the NASDAQ Marketplace Rules, as amended from time to time.

**III. RESPONSIBILITIES, DUTIES AND POWERS**

- Approve contracts and employment agreements with key executives.
- Approve compensation plans and pay levels for the Chief Executive Officer, Chief Financial Officer and other senior officers. Compensation plans and pay levels should be determined, in part, based on the Company’s performance and relative shareholder return, officer compensation at comparable companies and compensation granted to the Company’s officers in the past years.
- Review Director compensation levels and practices, and recommend, from time to time, changes in the Director compensation levels and practices to the Board. In reviewing Director compensation, the Compensation Committee should consider, among other things, the Company’s performance and relative shareholder return, Director compensation at comparable companies and compensation granted to the Company’s Directors in the past years.
- Develop evaluation plans for Chief Executive Officer and Chief Financial Officer performance and develop and articulate pay-for-performance programs in line with the Company strategy.
- Respond to shareholder concerns, including the impact of stock compensation plans on shareholder value and the necessity to control dilution.
- Determine who within the Company should participate in various compensation plans (including stock option plans) and ensure proper communication with all participants.
- Review the impact of changes in control and other transactions such as spin-offs on compensation plans.

- Produce the annual Compensation Committee report, which includes disclosure described in Item 407 of Regulation S-K, as promulgated under the Securities Exchange Act of 1934, as amended.
- Review periodically the peer group used for competitive pay and performance benchmarks, analyzing the Company's compensation as compared to external benchmarks.
- Review and make recommendations to the Board regarding Director's and officer's insurance matters.
- Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
- Annually conduct a performance evaluation of the Company's compensation policies.

#### **IV. COMMITTEE RESOURCES**

The Compensation Committee shall have the authority, in its sole discretion, to obtain advice and seek assistance from internal and external compensation, accounting, legal and other advisors. The Compensation Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Compensation Committee. The Company shall provide for appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to advisers retained by the Compensation Committee.

The Compensation Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Compensation Committee, other than in-house legal counsel, only after taking into consideration the following factors:

- the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
- the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
- the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Compensation Committee;
- any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and

- any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Chief Executive Officer of the Company.

Although the Compensation Committee is required to conduct the independence assessment outlined above, the Compensation Committee may, in its own discretion, retain an adviser that is not independent after consideration of the above factors.

Nothing in this section shall be construed: (i) to require the Compensation Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Compensation Committee; or (ii) to affect the ability or obligation of a Compensation Committee to exercise its own judgment in fulfillment of its duties.

#### **V. BOARD APPROVAL**

The Board shall approve all compensation decisions made by the Compensation Committee.

#### **VI. MEETINGS**

The Compensation Committee shall meet in person or telephonically at least twice a year, in conjunction with meetings of the Board. However, at least one such meeting shall take place in person. The Chief Executive Officer may not be present during voting or deliberations on, or otherwise participate in determination or approval of, his or her compensation.