

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” as set forth in the NASDAQ Marketplace Rules.

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 to obtain advice and seek assistance from internal and external accounting and other advisors. The Compensation Committee shall determine the extent of funding necessary for the payment of any consultant retained to advise it.

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.