

CEPHALON, INC.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

1. PURPOSE

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- (a) Serve as an independent and objective party to monitor the integrity of the Company's financial reporting process, the audits of its financial statements and systems of internal controls within its finance, accounting and legal compliance functions.
- (b) Oversee and monitor the independence and performance of the Company's independent auditors and internal auditing function ("Internal Audit").
- (c) Provide an open avenue of communication among the independent auditors, financial and senior management, the Board of Directors and Internal Audit.

Consistent with these duties and functions, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels.

The Audit Committee has the authority to retain at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties and responsibilities. In addition, the Audit Committee has the authority to conduct any investigation it deems necessary in fulfilling its duties and responsibilities.

2. COMPOSITION

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be a non-executive director and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. The Audit Committee members also shall meet the independence, financial literacy and other requirements of all applicable rules and regulations of the Securities and Exchange Commission and of the principal market(s) or automated quotation system (e.g., Nasdaq) on which the Company's securities are traded or quoted (the "Exchanges").

Each member of the Audit Committee shall be able to read and understand financial statements, including a company's balance sheet, income statement and cash flow statement. In addition, at least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in that member's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

The members of the Audit Committee shall be elected by the Board following the annual meeting of the Stockholders and shall serve until their successors shall be duly elected and qualified. The Chair of the Audit Committee shall be elected by the Board.

3. MEETINGS

The Audit Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate. Minutes of each meeting shall be prepared and sent to Audit Committee members and to all members of the Company's Board. Copies of the minutes are to be provided to the independent auditors. As part of its job to foster open communication, the Audit Committee should meet privately in executive session at least annually with management, the director of the Internal Audit, the independent auditors, and as a Committee to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or at least its Chair should meet with the independent auditors and management quarterly to review the Company's financial statements and significant findings based upon the auditors' limited review procedures.

4. RESPONSIBILITIES

The Audit Committee's primary responsibility is one of oversight and it recognizes that the Company's management is responsible for preparing the Company's financial statements and that the independent auditors are responsible for auditing those

financial statements. In addition, the Audit Committee recognizes that financial management, including the Internal Audit staff, as well as the independent auditors, have more time, knowledge and more detailed information on the Company than do Audit Committee members; consequently, in carrying out its oversight responsibilities, the Audit Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditors' work.

To fulfill its responsibilities the Audit Committee shall:

(a) Documents/Reports Review

1. Review and update this Charter periodically, at least annually, as conditions dictate. Submit this Charter to the Board of Directors for approval and publish it in accordance with all applicable rules and regulations of the Securities and Exchange Commission and the Exchanges.
2. Review and discuss with management and the independent auditors the Company's annual audited financial statements and any reports or other financial information submitted to any governmental body, or to the public, including the Company's Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein, prior to filing or distribution, including any certification, report, opinion, or review rendered by the independent auditors on the consolidated financial statements
3. Review and discuss with management and the independent auditors the Company's quarterly consolidated financial results prior to the release of earnings, and the Company's quarterly consolidated financial statements on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein, prior to filing or distribution. Discuss any significant changes to the Company's accounting principles with management and any items required to be communicated by the independent auditors in accordance with SAS 61.
4. Review the Company's quarterly earnings press releases (paying particular attention to any use of "pro forma," or "as adjusted" non-GAAP, information), as well as any earnings guidance released publicly.

(b) Independent Auditors

1. Be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors (including disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and the independent auditor shall be required to report directly to the Audit Committee.
2. Review the independence and performance of the independent auditors. The independent auditors are ultimately accountable to the Board and the Audit Committee as representatives for the Company's stockholders.
3. Be responsible for insuring its receipt from the independent auditors of a formal written statement delineating all relationships between the independent auditors and the Company, consistent with Independence Standards Board Statement No. 1, and for actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and for taking, or recommending that the full Board take, appropriate action to oversee the independence of the outside auditors.
4. Review the independent auditors' audit plan and general audit approach.
5. Prior to releasing the year-end earnings, discuss the results of the audit with management and the independent auditors. Discuss certain matters required to be communicated to audit committees in accordance with AICPA SAS 61.
6. Periodically consult with the independent auditors out of the presence of management about internal controls and the fullness and accuracy of the Company's financial statements that have come to the independent auditor's attention during the course of their audit.

(c) Financial Reporting Processes

1. In consultation with management, the independent auditors and Internal Audit, review the integrity of the organization's financial reporting processes and controls. Discuss with management significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review the regular internal reports to management prepared by Internal Audit and management's response.

2. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial statements.
3. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors, management, or the Internal Audit department.

(d) Process Improvement

1. Establish and maintain regular and separate systems of reporting to the Audit Committee by each of management, the independent auditors and the Internal Audit department regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
2. Following completion of the annual audit, review separately with each of management, the independent auditors and the Internal Audit department any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
3. Review any significant disagreement among management and the independent auditors or the Internal Audit department in connection with the preparation of the financial statements.
4. Review with the independent auditors, the Internal Audit department and management, the extent to which changes or improvements in financial or accounting practices have been implemented.

(e) Ethical and Legal Compliance

1. Annually prepare a report to stockholders as required by the Securities and Exchange Commission. The report shall be included in the Company's annual Proxy Statement.
2. Review and update periodically the Company's Code of Conduct and Code of Ethics for Financial Officers (together, the "Policies") and ensure that management has established a system to enforce these Policies.
3. Review management's monitoring of the Company's compliance with the Policies, and ensure that management has the proper review system in place for determining that the Company's financial statements, reports and other financial information disseminated to the Securities and Exchange Commission and the public satisfy legal requirements.
4. Be directly responsible for the oversight of the work of the Internal Audit Department, including the review of their activities, organizational structure and qualifications.
5. Periodically review, with the Company's counsel or Compliance Officer, legal compliance matters including corporate securities trading policies. At its discretion, the Board may determine to conduct the periodic review of legal compliance matters at the Board level, in lieu of, or in addition to, any review of such matters by the Audit Committee.
6. Review with the Company's counsel any legal matter that could have a significant impact on the Company's financial statements.
7. Review and, if acceptable, approve any transactions involving the Company in which a director or officer has a material interest within the meaning of applicable rules and regulations of the Securities and Exchange Commission.
8. Establish and maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
9. Determine the appropriate funding by the Company for the payment of: (i) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties, (ii) compensation to the independent auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and (iii) compensation to any special legal, accounting, or other consultants or experts employed by the Audit Committee as deemed necessary in the performance of the Audit Committee's duties and responsibilities. The Company shall provide such appropriate funding, as determined by the Audit Committee, for these payments.
10. Annually perform a self-evaluation of the Audit Committee's performance, considering responsiveness to this Charter, effectiveness of relationships and communications with management, the independent auditors, the Internal Audit department, and the Board of Directors.

11. Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Audit Committee or the Board deems necessary or appropriate.