

## **ADOLOR CORPORATION**

### **COMPENSATION COMMITTEE CHARTER**

#### **Purpose**

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Adolor Corporation, a Delaware corporation (the “Company”) to discharge the Board’s responsibilities relating to compensation of the Company’s directors and officers. The Committee has overall responsibility for approving and evaluating the director and officer compensation plans, policies and programs of the Company.

The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement.

#### **Composition**

The Compensation Committee shall be comprised of no fewer than two members. All members of the Committee shall meet the independence requirements of the Nasdaq Stock Market and, if deemed appropriate from time to time, meet the definition of “non-employee director” for purposes of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and “outside director” for purposes of Section 162(m) of the Internal Revenue Code.

The members of the Compensation Committee shall be appointed by the Board annually upon recommendation of the Governance and Nominating Committee and may be removed or replaced by the Board at any time.

#### **Meetings**

The Committee shall meet at such times as it deems necessary to carry out its responsibilities.

#### **Committee Authority and Responsibilities**

1. The Compensation Committee shall have authority to retain and terminate from time to time compensation consultants to be used to assist in the evaluation of director, CEO or other senior executive compensation and shall have authority to approve the consultant’s fees and other retention terms. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

2. The Compensation Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, and recommend to the Board the corporate goals and objectives to be used to evaluate the CEO's performance and determine the CEO's compensation levels based on this evaluation. In determining the long-term incentive component of CEO compensation, the Compensation Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years, and other information deemed relevant by the Compensation Committee.
3. The Compensation Committee shall serve as Administrator for the Corporation's Amended and Restated 1994 Equity Compensation Plan (the "1994 Plan") as that term is defined in the 1994 Plan and shall administer the Corporation's 2003 Stock-Based Incentive Compensation Plan ("2003 Plan"), and unless otherwise expressly provided, any and all other equity-based compensation plans pursuant to which senior executives receive equity-based compensation.
4. The Compensation Committee annually shall interpret, implement, administer, review and approve all aspects of remuneration of the Company's senior executives, including their participation in incentive-compensation plans and equity-based compensation plans.
5. The Compensation Committee shall annually review and approve, for the CEO and the other senior executives of the Company, (a) the annual base salary level, (b) the annual incentive bonus, (c) the long-term incentive opportunity (d) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits, including any 401(k) plan.
6. The Compensation Committee shall recommend compensation for Board service and compensation for Board committee service.
7. The Compensation Committee shall not approve any direct or indirect loan, guarantee or other extension of credit to the CEO or any other director or officer of the Company, except as permitted under Section 13(k) of the Exchange Act.
8. The Compensation Committee may form and delegate authority to subcommittees when appropriate, including a Secondary Committee on Options which shall have the power and authority under the Plan to grant options to individuals who are not subject to the requirements of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or Section 162(m) of the Internal Revenue Code of 1986, as amended, and that the Secondary Committee on Options shall have the same authority with respect to selecting

the individuals to whom such options are granted and establishing terms and conditions of such options as the Administrator (as defined in the Plan) has under the terms of the Plan, provided however that all stock option grants of the Secondary Committee shall be within the guidelines for the Secondary Committee as adopted by the Compensation Committee and approved by the Board of Directors.

9. The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Compensation Committee shall annually review its own performance.

In addition to the activities described above, the Compensation Committee shall perform such other functions as necessary or appropriate in its opinion under applicable law, the Company's Certificate of Incorporation, Bylaws and the resolutions and other directives of the Board.

Subject to the Company's Certificate of Incorporation and Bylaws and all applicable laws, regulations and Nasdaq rules, the authority vested in the Compensation Committee shall be construed in the broadest possible manner.

#### **Minutes and Reports**

The Committee shall make regular reports of its activities to the Board. Minutes of each meeting will be kept and filed in the Minute Books of the Company.

**Adopted November 12, 2002**  
**Amended December 14, 2004**  
**Amended December 13, 2005**