

## **Forest Laboratories, Inc.**

### **Compensation Committee Charter**

#### **A. Name**

There shall be a committee of the Board which shall be called the Compensation Committee.

#### **B. Purpose**

The Compensation Committee shall (1) discharge the Board's responsibilities relating to compensation of the Company's executives and (2) produce an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations.

#### **C. Committee Membership and Procedure**

The Compensation Committee shall consist of no fewer than three members. Each member of the Compensation Committee shall satisfy the independence requirements of the New York Stock Exchange and, if deemed appropriate from time to time, meet the definition of "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934, and "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986. The Board shall appoint the members of the Compensation Committee annually, considering the recommendation of the Nominating and Governance Committee, as appropriate. The members of the Compensation Committee shall serve until their successors are appointed and qualify. The Board shall designate the Chairman of the Compensation Committee. The Board shall have the power at any time to change the membership of the Compensation Committee and to fill vacancies in it, subject to such new member(s) satisfying the above requirements. Except as expressly provided in this Charter or the by-laws of the Company or the Corporate Governance Guidelines of the Company, the Compensation Committee shall fix its own rules of procedure.

#### **D. Committee Authority and Responsibilities**

- The Compensation Committee shall review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's and COO's performance in light of those goals and objectives, and determine and approve the CEO's and COO's compensation level based on this evaluation.
- In determining the long-term incentive component of senior executive compensation, the Compensation Committee shall consider the Company's performance and relative shareholder return, the value of similar incentive awards to senior executives at comparable companies, and the awards given to the Company's senior executives in past years.

- The Compensation Committee shall review the compensation of all other officers of the Corporation and make recommendations to the Board with respect thereto.
- The Compensation Committee shall make recommendations to the Board with respect to incentive compensation plans and equity-based plans.
- The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, or senior executive compensation and shall have sole 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.
- The Compensation Committee shall adopt, administer, approve and ratify awards under incentive compensation and stock plans, including amendments to the awards made under any such plans, and review and monitor awards under such plans.
- The Compensation Committee shall review the fees paid to independent directors for service on the Board and its committees and shall make recommendations to the Board with respect thereto.
- The Compensation Committee shall make regular reports to the Board.
- The Compensation Committee shall produce an annual report on executive compensation to be included in the annual proxy statement as the Compensation Committee Report in accordance with applicable rules and regulations.
- 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.
- The Compensation Committee may form and delegate authority to subcommittees when appropriate.

**E. Meetings and Reports**

Minutes of each meeting will be kept and distributed to each member of the Committee and to members of the Board who are not members of the Committee. The Committee will report to the Board from time to time, or whenever so requested by the Board.