

**KING PHARMACEUTICALS, INC.**  
**COMPENSATION AND HUMAN RESOURCES COMMITTEE CHARTER**

*As adopted by  
the Board of Directors  
of King Pharmaceuticals, Inc.  
on October 23, 2003  
and amended on April 23, 2004*

**Mission Statement**

The purpose of the Compensation and Human Resources Committee (the “Committee”) of the Board of Directors (the “Board”) of King Pharmaceuticals, Inc. (together with its subsidiaries, the “Company”) is to (i) discharge the Board’s duties and responsibilities relating to the compensation and benefits of the Company’s Executive Officers and non-employee directors, (ii) oversee the administration of the Company’s compensation and benefit plans (other than the Company’s 1998 Non-Employee Director Stock Option Plan) in accordance with the terms of such plans and any applicable rules and regulations, (iii) prepare any report on executive compensation and benefits required by applicable laws, rules and regulations and the rules, regulations and standards of the New York Stock Exchange, Inc. (“NYSE”), (iv) establish performance standards for the purpose of determining compensation and benefits for Executive Officers of the Company, (v) oversee the administration of the Company’s management development process, including the plans for succession of Executive Officers, and (vi) act on specific matters within delegated authority or as required by applicable laws, rules or regulations, the Company’s charter and bylaws, the Board and the NYSE.

The Committee shall establish the overall compensation philosophy for Executive Officer compensation and periodically review the compensation structure so as to be consistent with that philosophy and otherwise properly aligned with the interests of the Company’s shareholders.

**Membership**

The Committee shall consist of no fewer than three members of the Board. All members of the Committee shall be independent directors, as independence is defined in accordance with the rules, regulations and standards of the NYSE. Each member of the Committee shall be a member of the Board literate in compensation and benefits-related matters. Such literacy shall be determined by the Board in its business judgment.

The Board, by resolution of a majority of the directors, shall appoint the members of the Committee. Each member shall be appointed annually at the Board meeting immediately following the annual shareholder meeting. Members shall serve on the Committee for such period as the Board may determine and no member of the Committee may be removed other than by the affirmative vote of a majority of the directors. The

members of the Committee shall serve until their resignation, retirement or removal by the Board or until their terms expire (but then only at such time as qualified successors shall have been appointed). Nominees for Committee membership shall be recommended to the Board by the Corporate Governance and Nominating Committee.

### **Committee Duties and Responsibilities**

The Committee shall have the following specific duties and responsibilities:

#### *Executive Officers*

- The Committee shall establish, and periodically review, a general compensation philosophy for the Executive Officers of the Company. The Committee may consult with management of the Company and any outside consultants in connection with the development and implementation of such philosophy and plans if such consultation is deemed necessary or desirable by the Committee.
- The Committee shall annually (a) review and approve the corporate goals and objectives upon which the compensation of the Chief Executive Officer (“CEO”) is based, (b) evaluate the CEO’s performance in light of these goals and objectives and (c) set the CEO’s compensation levels (including (w) annual base salary level, (x) annual incentive opportunity level, (y) long-term incentive opportunity level and (z) any special or supplemental benefits) based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee shall consider all factors it deems relevant, including, without limitation, the Company’s performance and relative shareholder return, the value of similar incentive awards given to chief executive officers at other comparable companies and the awards given to the CEO in prior years. The Committee shall approve any employment agreements, severance arrangements and/or change-in-control agreements or provisions involving the CEO. The Committee shall have the sole authority to determine the CEO’s compensation based on its evaluation of all pertinent factors.
- The Committee shall annually review and approve the recommendations of the Chief Executive Officer with regard to the compensation and benefits of the Executive Officers (other than CEO) of the Company, particularly (a) their annual base salary levels, (b) their annual incentive opportunity levels, (c) their long-term incentive opportunity levels, (d) any employment agreements, severance arrangements and/or change-in-control agreements or provisions and (e) any special or supplemental benefits. As part of such review, the Committee shall take account of the levels and forms of compensation given to officers serving similar functions at other comparable companies. Upon the request of the Committee, the Committee shall annually receive from, and review with, the Chief Executive Officer his evaluation of the performance of the Company’s other Executive Officers.

### *Non-Employee Directors*

- The Committee shall annually review the compensation (including any equity-based compensation) of non-employee directors and consult with the Nominating and Corporate Governance Committee about the findings of this review. All compensation packages for non-employee directors must be approved by the Board.

### *Compensation and Benefit Plans*

- The Committee shall review eligibility criteria and award guidelines for compensation and benefits programs in which Executive Officers and non-employee directors participate and shall review and make recommendations to the Board with respect to any incentive compensation plans and equity-based plans in which Executive Officers and non-employee directors participate that require Board or shareholder approval.
- The Committee shall review the Executive Officers' compensation and benefits plans not less than once per year and recommend to the Board any changes that may be necessary or advisable.
- The Committee shall exercise such other power and authority as may be permitted or required under the Executive Officers' compensation and benefits plans.

### *Succession Planning*

- The Committee shall oversee the Company's management development process, including an annual review of the Company's plans for Executive Officer succession.

### *Compliance*

- The Committee, together with the Company's Legal Affairs Department, Human Resources Department and Corporate Compliance Officer, shall oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility and, as and when required, establishing (subject to the ratification of the Board) that performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").
- The Committee, together with the Company's Corporate Compliance Officer, shall review verification from the Company's independent auditors that compensation and benefits awards to Executive Officers, including the CEO, comply with all requirements of the Company and applicable accounting/audit rules and regulations.

### *Committee Evaluation*

- The Committee shall produce and provide to the Board an annual performance evaluation of the Committee, which evaluation compares the performance of the Committee with the requirements of this Charter. The performance evaluation shall also recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee or the Board deems appropriate.

### *General*

- The Committee shall, at the request of management, make itself available for consultation with management on any matters relating to compensation and benefits.
- The Committee shall take the necessary steps, on an as-needed basis, to comply with all applicable laws, rules and regulations promulgated by the Securities and Exchange Commission, NYSE and any other governmental entity or governing regulatory authority regarding the matters set forth in this Charter.
- The Committee shall perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to any of the matters set forth in this Charter.

### **Committee Structure and Operations**

The Board, by resolution of a majority of the non-employee directors, shall designate one member of the Committee to act as the chairperson of the Committee. The Committee member so designated shall chair all meetings of the Committee and perform such other activities as from time to time are requested by the Board or as circumstances dictate. The Committee shall meet in person or telephonically at least two times a year at such times and places as are determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee, its chairperson or the Board. The Committee may fix its own rules of procedure, which shall be consistent with the bylaws of the Company and this Charter. A majority of the Committee shall constitute a quorum. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company. The meeting minutes will be reviewed by the chairman of the Committee and presented to the Board at the next Board meeting.

The Committee may invite such members of management of the Company to its meetings as it may deem desirable or appropriate.

## **Committee Reports**

The Committee shall produce the following reports and provide them to the Board:

1. A Report of the Committee for inclusion in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.
2. An annual performance evaluation of the Committee, which evaluation measures the performance of the Committee against the requirements of this Charter and sets forth the goals and objectives of the Committee for the upcoming year. The performance evaluation should also contain any recommendations for changes to this Charter arising out of the Committee's annual review.
3. A copy of the minutes of each meeting of the Committee, which shall be presented to the Board at the next regularly scheduled Board meeting following such Committee meeting.
4. Any other reports which the Board may from time to time specify.

Each report produced by the Committee shall be in writing.

## **Retention of Consultants and Advisors**

The Committee shall have sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or other Executive Officer compensation and benefits and shall have sole authority to approve the consultant's fees and other retention terms. The Committee may also conduct or authorize investigations into or studies of matters within the scope of the Committee's duties and responsibilities. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. Fees and expenses incurred in connection with the Committee's performance of its duties and obligations shall be paid by the Company. The Committee Chairman shall notify the Chief Financial Officer of the Company of any anticipated expenses as soon as reasonably practicable.

## **Executive Officers**

The term “Executive Officers” as used in this Charter shall include all persons who are “Executive Officers” for purposes of Section 16 of the Securities Exchange Act of 1934, being the persons who hold any of the following positions:

- Chairman of the Board
- Chief Executive Officer
- President
- Chief Operating Officer
- Secretary
- Chief Financial Officer
- General Counsel
- Corporate Compliance Officer

The term “Executive Officer” as used in this Charter shall also include any other officer of the Company designated as a Global Head.