

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
ENDO PHARMACEUTICALS HOLDINGS INC.
ADOPTED AS OF APRIL 28, 2009**

I. PURPOSE OF THE COMMITTEE

The purposes of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Endo Pharmaceuticals Holdings Inc. (the “Corporation”) shall be to oversee the Corporation’s compensation and employee benefit plans and practices, including its executive compensation plans and its incentive-compensation and equity-based plans; and to produce a Committee report on executive compensation as required by the Securities and Exchange Commission (“SEC”) to be included in the Corporation’s annual proxy statement or annual report on Form 10-K filed with the SEC.

II. COMPOSITION OF THE COMMITTEE

The Committee shall consist of three or more directors as determined from time to time by the Board. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of The Nasdaq Stock Market, Inc. (“Nasdaq”), and any additional requirements that the Board deems appropriate. Members of the Committee shall also qualify as “non-employee directors” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall satisfy any other necessary standards of independence under the federal securities and tax laws.

Consistent with the appointment of other Board committees, the members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or at such other time as may be determined by the Board.

The chairperson of the Committee shall be designated by the Board, *provided that* if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson.

Any vacancy on the Committee shall be filled by majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Board.

III. MEETINGS AND PROCEDURES OF THE COMMITTEE

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than two times annually. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; *provided, however*, that no subcommittee shall consist of fewer than two members; and *provided further* that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee shall maintain minutes of its meetings and records relating to those meetings and shall report regularly to the Board on its activities, as appropriate.

IV. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee shall have the following duties and responsibilities:

(a) To set, and then review at least annually, the goals and objectives of the Corporation's executive compensation plans, and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate.

(b) To interpret, implement, administer, review and approve all aspects of remuneration to the Corporation's executive officers and other key officers, including their participation in incentive-compensation plans and equity-based compensation plans.

(c) To develop, approve, administer and recommend to the Board and the Company's stockholders for their approval (to the extent such approval is required by any applicable law, regulation or NASDAQ rule) all stock ownership, stock option and other equity-based compensation plans of the Corporation and all related policies and programs.

(d) To review and approve annually the corporate goals and objectives relevant to compensation of the Chief Executive Officer (CEO), evaluate annually the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee may consider all relevant factors, including the Corporation's performance and relative stockholder return, the value of similar awards to chief executive officers of comparable companies, the overall quality of the CEO's leadership and other factors that the Committee deems appropriate in connection with its review. The CEO shall have the opportunity, at least annually, to make a presentation or furnish a written report to the Board with respect to his or her performance. The Committee may solicit feedback from the Board as to its evaluation of the CEO's performance and if it does so, the Committee shall take such feedback into account when preparing its final evaluation of the CEO's performance. The Committee shall report its evaluation of the CEO's performance and its recommendation for the CEO's compensation to the Board, which compensation shall be approved by the entire Board (other than the CEO). The annual evaluation of the CEO's performance as well as developmental feedback shall be communicated to the CEO by the Committee chairperson or the Chairman of the Board so long as the Chairman is independent.

(e) To review and approve annually the corporate goals and objectives relevant to compensation of the other executive officers of the Corporation, evaluate annually the other executive officers' performance in light of those goals and objectives, and determine and approve the other executive officers' compensation level based on this evaluation. To the extent that long-term incentive compensation is a component of such executive officer's compensation, the Committee shall consider all relevant factors in determining the appropriate level of such compensation, including the factors applicable with respect to the Chief Executive Officer.

(f) To review and approve for the CEO and all other executive officers of the Corporation all employment agreements, severance arrangements and change in control agreements or provisions.

(g) To make individual determinations and grant any shares, stock options or other equity-based awards under all equity-based compensation plans that are outside the approved guidelines for such grants, and exercise such power and authority as may be required or permitted under such plans.

(h) To perform such duties and responsibilities as may be assigned to the Committee under the terms of any executive compensation plan.

(i) To review and approve perquisites or other personal benefits to the Corporation's executive officers.

(j) To review and approve the Corporation's management succession plan.

- (k) To review and approve compensation paid to the Corporation's directors.
- (l) To produce a Committee report on executive compensation as required by the SEC to be included in the Corporation's annual proxy statement or annual report on Form 10-K filed with the SEC.
- (m) To report to the Board no less frequently than annually.
- (n) To review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for its approval. This Charter is in all respects subject and subordinate to the Corporation's Certificate of Incorporation and Bylaws, as such documents may be amended from time to time, and all applicable laws.
- (o) To evaluate its own performance on an annual basis and report the results of such review to the Board.

In addition to the activities described above, the Committee will perform such other functions as necessary or appropriate in its or the Board's business judgment under applicable law, the Company's Certificate of Incorporation, Bylaws and the resolutions or other directives of the Board. The Committee may form and delegate authority to subcommittees as the Committee may deem appropriate.

V. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISORS

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Corporation's expense, such independent counsel or other consultants or advisers as it deems necessary. The Committee shall have the sole authority to retain or terminate any compensation consultant to assist the Committee in carrying out its responsibilities, including sole authority to approve the consultant's fees and other retention terms, such fees to be borne by the Corporation.

Adopted by the Board of Directors of
Endo Pharmaceutical Holdings Inc.
on April 28, 2009.

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