

PERNIX THERAPEUTICS HOLDINGS, INC.
COMPENSATION COMMITTEE CHARTER
AS OF MARCH 10, 2010

Section 1. Statement of Purpose.

- 1.1 The Compensation Committee (the “**Committee**”) of Pernix Therapeutics Holdings, Inc. (the “**Company**”) is a standing committee of the Board of Directors of the Company (the “**Board**”).
- 1.2 The purpose of the Committee is to:
- (a) Review the Company’s compensation practices and policies;
 - (b) Annually review and approve the compensation for the Chairman of the Board (the “**Chairman**”) and the Chief Executive Officer (the “**CEO**”);
 - (c) Annually review and approve the compensation for the other directors and senior executives;
 - (d) Evaluate the performance of the Chairman and CEO;
 - (e) Review and discuss with management disclosures in the Compensation Discussion and Analysis (“**CD&A**”) and make a recommendation to the Board as to whether such disclosures will be included in the appropriate regulatory filing; and
 - (f) Annually prepare a Compensation Committee Report for inclusion in the Company’s annual proxy statement.

Section 2. Organization.

- 2.1 *Charter.* At least annually, this Charter will be reviewed and reassessed by the Committee and any proposed changes will be submitted to the Board for approval.
- 2.2 *Composition.*
- (a) The members of the Committee will be appointed by the Board and meet the independence requirements of applicable law, the listing standards of the American Stock Exchange and applicable policies of the Board.
 - (b) The Committee will be comprised of at least three members.
 - (c) Committee members may be removed by the Board at any time, from time to time, at the Board’s discretion.

- (d) The Board may designate a Committee Chairman. If the Board does not designate a Committee Chairman, the members of the Committee will designate a Committee Chairman by majority vote of the full Committee. The Board may remove a Committee member as Committee Chairman at any time, from time to time, at its discretion.

2.3 *Organization.*

- (a) In order to discharge its responsibilities, the Committee will each year establish a schedule of meetings.
- (b) The Committee Chairman or a majority of the members of the Committee may call meetings of the Committee that are outside of the schedule of meetings established by the Committee.
- (c) Any one or more of the members of the Committee may participate in a meeting of the Committee by means of conference call or similar communication device through which all persons participating in the meeting can hear each other.

2.4 *Action of the Committee.* The action of the majority of the members of the full Committee will be the action of the Committee, unless the concurrence of a greater proportion is required for such action by the Company's Bylaws or any other applicable policy or procedure approved by the Board.

2.5 *Agenda, Minutes and Reports.*

- (a) The Chairman of the Committee will be responsible for establishing the agendas for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, will be sent to members of the Committee prior to each meeting.
- (b) Minutes for all meetings of the Committee will be prepared to document the Committee's discharge of its responsibilities. The minutes will be circulated in draft form to all Committee members to ensure an accurate final record, will be approved at a subsequent meeting of the Committee and will be distributed periodically to the full Board.
- (c) The Committee will make regular reports to the Board.

Section 3. Duties and Responsibilities. The Committee will carry out the duties and responsibilities set forth below. These functions should serve as a guide with the understanding that the Committee may determine to carry out additional functions and adopt additional policies and procedures as may be appropriate.

3.1 *Compensation Practices and Policies.*

- (a) The Committee will review the compensation practices and policies of the Company to ensure they provide appropriate motivation for corporate performance and increased stockholder value.
- (b) The adoption, amendment and termination of compensation programs and plans for directors and employees of the Company will be approved by the Committee.
- (c) The Committee will make recommendations to the Board regarding the adoption, amendment or termination of compensation programs and plans that require stockholder approval.
- (d) The Committee will oversee the administration of the Company's compensation programs and plans, and determine the directors and employees who receive awards and the terms of those awards (including their size and vesting schedule).
- (e) The Committee will review and discuss with management the CD&A. The Committee will make a recommendation to the Board as to whether such CD&A should be included, as applicable, in the Company's Annual Report on Form 10-K, annual proxy statement or any information statement.
- (f) The Committee will produce a Compensation Committee Report for inclusion in the Company's annual proxy statement.

3.2 *Executive Compensation.*

- (a) The Committee may periodically survey the executive compensation practices of comparable companies.
- (b) The Committee will conduct an annual review and approve executive compensation, including but not limited to annual base salary, any cash bonus and any equity-based compensation awards, including awards of stock options and restricted stock, made under the Company's compensation programs and plans to senior executives, other than the CEO.
- (c) The Committee will approve employment agreements, consulting agreements, severance or retirement arrangements, change-in-control arrangements and any special or supplemental benefits for senior executives, other than the CEO.
- (d) The Committee will review and approve the Company's policies and procedures with respect to executive officers' expense accounts and perquisites.

3.3 *CEO Compensation.*

- (a) The Committee will review and approve annual corporate goals and objectives for the CEO.
- (b) The Committee will discuss CEO performance with respect to such goals and objectives with the independent members of the Board and communicate the Board's evaluation to the CEO (the Chairman of the Committee will lead such discussion).
- (c) The Committee will conduct an annual review and approve the CEO's compensation, including but not limited to annual base salary, any cash bonus and any equity-based compensation awards, including awards of stock options and restricted stock, made under the Company's compensation programs and plans. In determining the long-term incentive component of CEO compensation, the Committee will consider all factors it deems relevant, including the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years.

3.4 *Director Compensation.*

- (a) The Committee will at least annually review and recommend to the Board the form and amount of director compensation (including perquisites and other benefits), and any additional compensation to be paid for service on Board committees or for service as a chairman of a committee. In making its recommendations, the Committee will give due consideration to what is customary compensation for directors of comparable U.S. companies and any other factors it deems appropriate that are consistent with the policies and principles set forth in this Charter or any other applicable policy or procedure approved by the Board.
- (b) The Committee will review and make recommendations to the Board regarding the directors' and officers' indemnification and insurance matters.

3.5 *Regulatory Matters.* In consultation with management, the Committee will oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility (including, as and when required, for compliance with Section 162(m) of the Code, establishing performance goals and certifying that such performance goals and any other material terms have been attained).

3.6 *Performance Evaluation.* The Committee will conduct an annual performance evaluation of the Committee.

Section 4. Resources.

4.1 *Consultants.* The Committee will retain and terminate, in its sole discretion, any compensation consultant used to assist in the evaluation of executive

compensation, including the CEO's compensation, and approve the consultant's fees and other retention terms.

- 4.2 *Access to Records.* The Committee will have full access to any relevant records of the Company and may also request that any officer or other employee of the Company, the Company's outside counsel or any other person meet with any members of, or consultants to, the Committee.

Section 5. Delegation. The Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee.