

**K-V PHARMACEUTICAL COMPANY**  
**CHARTER OF THE COMPENSATION COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**AS ADOPTED BY THE BOARD OF DIRECTORS**  
**ON JULY 22, 2011**

This Charter documents the purpose, authority, composition and responsibilities of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of K-V Pharmaceutical Company (the “Company”). This Charter shall be published on the Company’s Internet website and shall otherwise be filed or reported from time to time as may be required by applicable law or rules of the New York Stock Exchange (“NYSE”).

**I. Purpose and Authority**

The Board of the Company has appointed the Committee to discharge the responsibilities of the Board relating to the compensation of the Company’s executives and such other matters as are set forth in this Charter, as may be delegated by the Board to the Committee from time to time and as may be required by law or rules of the NYSE. In addition, the Committee will prepare the report on executive compensation that is required by the rules and regulations of the Securities and Exchange Commission (the “SEC”) to be included in the Company’s proxy statement for the annual meeting of shareholders or annual report on Form 10-K.

The Committee shall have the sole authority to retain and terminate any compensation consultant, who shall report directly to the Committee, to be used to assist in the evaluation of chief executive officer or other executive officer and director compensation, including the sole authority to approve the consultant’s fees and other retention terms. In addition, the Committee is empowered to retain any legal, accounting or other consultants or experts as the Committee deems necessary or appropriate to carry out its duties and responsibilities. The Committee is empowered to retain and compensate any and all of these advisors without seeking Board approval. The Committee shall receive appropriate funding, as determined by the Committee, for payment of compensation to any such persons retained by the Committee and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties and responsibilities. In the event further information is deemed advisable, the Committee may rely for administrative support and background information regarding personnel and other compensation matters on the Company’s human resources and organizational development staff and other appropriate personnel. The Committee may ask members of management or others to attend its meetings and provide pertinent information as necessary.

The scope of authority delegated to the Committee in this Charter shall include the power and authority to engage in other activities that are within the general scope of the Committee’s duties and responsibilities, with full access to all books and records, facilities, personnel and outside advisors of the Company (as and to the extent permitted by and consistent with applicable law). Consistent with the foregoing, the Committee shall have the power and authority to conduct or authorize investigations into any matters within the Committee’s scope of responsibilities.

**II. Composition, Qualifications and Meetings**

### *Composition.*

- The Committee shall be comprised of two or more members of the Board as determined from time to time by the Board, one of whom shall serve as Chair of the Committee.
- Committee members shall be appointed by the Board and shall serve until such member's successor is appointed and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, at any time by the Board. Any member of the Committee may resign at any time by giving written notice of his or her resignation to the Board.

### *Qualifications.*

- All members of the Committee shall meet the independence requirements for directors as set forth in the rules of the NYSE, as in effect from time to time and any additional requirements approved from time to time by the Board and/or set forth in the Company's corporate governance guidelines.
- To the extent practicable, each member of the Committee shall be a "non-employee director" as defined under Rule 16b-3 promulgated by the SEC under the Securities Exchange Act of 1934, as amended, and an "outside director" as defined for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

### *Meetings.* Meetings of the Committee shall be conducted in accordance with the following:

- At a minimum, the Committee shall meet at least once annually, or more frequently as circumstances dictate. The Chair of the Committee may call special meetings of the Committee as necessary.
- If a Committee Chair is not designated or present at a Committee meeting, the members of the Committee may designate a Chair by a majority vote of the Committee membership.
- All members of the Committee shall be expected to attend each meeting, whether in person or by telephone or videoconference or similar communications equipment, or as otherwise permitted by law. For the transaction of business at any meeting of the Committee, a majority of the members of the Committee shall constitute a quorum.
- Minutes of each meeting shall be kept and the Secretary of the Company shall maintain all minutes of Committee meetings (unless otherwise determined by the Committee). Committee meetings shall be otherwise conducted in a manner required of Board meetings as set forth in the Company's By-laws and consistent with the Company's corporate governance guidelines.

### **III. Duties and Responsibilities**

The following duties and responsibilities have been delegated by the Board to the Committee:

1. Confirm the Company's compensation philosophy and ensure that the compensation program is appropriately aligned with the Company's objectives, consistent with the interests of the Company's shareholders.
2. Review and assess the overall compensation structure, policies and practices, including

incentive compensation, of executive officers of the Company and evaluate the competitiveness of total compensation levels for executive officers of the Company on at least an annual basis or at such times as shall be requested by the Board.

3. Review and approve corporate goals and objectives relevant to the compensation of the chief executive officer, evaluate the chief executive officer's performance in light of those goals and objectives, and approve and recommend to the Board the chief executive officer's compensation levels including salary, bonus, incentive and equity compensation, based upon this evaluation. In approving and recommending the compensation of the chief executive officer, the Committee shall take into account the Company's performance, relative shareholder return, the compensation received by chief executive officers at similarly situated companies and compensation and incentives awarded to the chief executive officer in the past.
4. Review and recommend to the Board for approval the compensation, including salary, bonus, incentive and equity compensation, for the other executive officers of the Company. In addition to the foregoing, the Committee shall be responsible for overseeing the development of, and recommending to the Board for approval, a written bonus plan for senior executives during the first three months of each fiscal year that is tied to verifiable performance metrics, as well as a process for reviewing management's progress in meeting bonus objectives.
5. Review and approve equity compensation awards for all employees of the Company other than the Chief Executive Officer and other executive officers of the Company within parameters established by the Board. The Committee shall also oversee the development, review and updating of appropriate policies and procedures related to equity compensation.
6. Make recommendations to the Board regarding any employment agreements, severance arrangements, change-in-control and other similar employment-related agreements or arrangements, and any renewals, amendments or waivers to such agreements or arrangements, for the Company's executive officers, including the chief executive officer. In addition, the Committee shall oversee the development of, and approve, standard forms of employment, severance and other employment-related agreements for management and employees as the Committee deems appropriate from time to time.
7. Annually, or more frequently as the Committee may deem appropriate, recommend to the Board compensation for those directors who are not also salaried officers of the Company, including for Chairman of the Board and for members and chairs of Board committees. The Committee shall also oversee the development, review and updating of appropriate policies and procedures related to director compensation.
8. Administer and implement the Company's compensation and incentive plans (including equity-based plans) that are subject to Board approval in accordance with the terms of such plans, and take such actions and make such decisions or determinations that may be provided for or required to be made by the Committee under such plans, or as the Committee determines to be appropriate for the operation of any such plan and the distribution, award or payment of benefits thereunder. Consistent with the foregoing, the Committee shall oversee the development and implementation of a written policy regarding equity grants.

9. Consider from time to time the desirability of proposing and recommending to the Board the adoption of new stock-based incentive or other compensation plans that are subject to Board approval.
10. Oversee the development, review and updating of appropriate policies and procedures related to perquisites.
11. Prepare a report on executive officer compensation for inclusion in the Company's annual meeting proxy statement or annual report on Form 10-K, in accordance with applicable rules and regulations. Consistent with the foregoing, the Committee shall:
  - a. review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A"), and based on that review and discussion, recommend to the Board that the CD&A be included in the Company's annual meeting proxy statement or annual report on Form 10-K; and
  - b. prepare the Compensation Committee report in accordance with the rules and regulations of the SEC for inclusion in the Company's annual meeting proxy statement or annual Report on Form 10-K.
12. Report to the Board on the Committee's activities at the next regularly scheduled Board meeting.
13. Coordinate with the Chairs of the Audit Committee and the Nominating and Corporate Governance Committee on matters for which aspects of oversight are provided to more than one committee.
14. Perform such other functions that may be delegated by the Board from time to time.

#### **IV. Delegation of Authority**

In fulfilling its responsibilities, the Committee shall have the authority to delegate its authority to its members, as the Committee deems appropriate (including, but not limited to, forming one or more subcommittees of the Committee), to the extent permitted by and consistent with the Company's certificate of incorporation, By-laws, corporate governance guidelines, applicable law and rules of the NYSE. Any such delegate shall report any actions taken by the delegate to the whole Committee at the Committee's next regularly scheduled meeting.

#### **V. Annual Review**

The Committee shall annually perform a review and evaluation of the performance of the Committee and its members and report its conclusions to the Board. In addition, the Committee shall assess the adequacy of this Charter and the Committee's own performance under this Charter. The Committee will determine whether any changes to this Charter are advisable or any corrective actions should be undertaken to correct any deficiencies or weaknesses noted in the review and evaluation. The Committee shall present any amendments to this Charter or corrective actions that the Committee deems necessary or appropriate to the Board for its approval.

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