



Compensation Committee Charter

As adopted by the Board of Directors
of Acura Pharmaceuticals, Inc.
February 28, 2013

Purpose

The purpose of the Compensation Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Acura Pharmaceuticals, Inc. (together with its subsidiary, the "**Company**") is to (i) discharge the Board's duties and responsibilities relating to the compensation and benefits of the Company's Executive Officers (as herein defined), and non-employee directors, (ii) oversee the administration of the Company's compensation and benefit plans 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 NASDAQ Capital Market ("**NASDAQ**"), (iv) establish performance standards for the purpose of determining compensation and benefits for the Company's Executive Officers, (v) oversee the administration of the Company's management development process, including the plans for succession of Executive Officers, (vi) act on such other matters relating to compensation of Executive Officers and employee benefit plans as shall be delegated from time to time by the Board, and (vii) act on specific matters within its designated authority as required by applicable laws, rules, regulations, the Company's charter and by laws, and NASDAQ.

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

Executive Officers

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, including the persons who hold the following current Company positions, and any future new positions which may be required by the Company with similar responsibilities.

- President and Chief Executive Officer ("CEO")
- Sr. Vice President and Chief Financial Officer ("CFO")
- Vice President of Technical Affairs
- Vice President of Corporate Development
- Vice President, Treasurer and Corporate Controller
- Vice President of Marketing
- Any Officer having the title of Vice President or a more senior Officer designation

Committee Composition and Membership

The Committee shall consist of no fewer than three members of the Board. Each member of the Committee shall be a member of the Board literate in compensation and benefits-related matters. The Board in its business judgment shall determine such literacy. No fewer than two members of the Committee shall be independent, as defined in the listing standards of NASDAQ in establishing the composition of the Committee. If any member of the Committee does not meet such independence requirements, full disclosure shall be provided as required by applicable laws, rules, regulations, and NASDAQ. However, at no point will the committee be composed of less than two independent members of the Board.

The Board, by resolution of a majority of the directors, shall appoint the members of the Committee. Each Committee member shall be appointed at a Board meeting or by written unanimous consent of the Board. Committee 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. Committee members duly appointed 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). The compensation of the Committee members shall be determined by the Board.

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 at the next Board meeting for ratification by the Board.

The Committee may establish subcommittees as it shall determine necessary. Subcommittees shall be composed only of members of the Committee and shall regularly report to the Committee concerning their activities. No subcommittee shall exercise any authority of the Committee if such authority is required, by this Charter, by law or otherwise, to be exercised by a greater number of Committee members than serve on the subcommittee.

The Committee may invite such members of Company management to its meetings as it may deem desirable or appropriate, provided that the Chief Executive Officer shall not be present during any deliberations or voting respecting his or her compensation.

Retention of Consultants and Advisers

The Committee may select and retain independent compensation consultants, legal counsel and other compensation advisers other than in-house legal counsel (collectively, "Consultants") to provide advice and guidance to the Committee as needed. The Committee shall evaluate the independence of Consultants by considering, at a minimum, the following factors:

- The provision of other services to the Company by the person that employs the adviser (the "Employer")
- The amount of fees received from the Company by the Employer, as a percentage of the total revenue of the Employer
- The policies and procedures of the Employer that are designed to prevent conflicts of interest
- Any business or personal relationship of the adviser with a member of the Committee
- Any stock of the Company owned by the adviser
- Any business or personal relationship of the adviser or the Employer with an Executive Officer of the Company

The Consultants may, when requested by the Committee, conduct and deliver to the Committee a comparative market study of the Company's executive compensation policies, practices and procedures for the Committee's use in evaluating and revising, as necessary, the Company's executive compensation structure. The Committee shall have sole authority to retain and terminate any Consultant 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. 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 CFO of any anticipated expenses related to the Committee's duties and responsibilities as soon as reasonably practicable.

Committee Duties and Responsibilities

The Committee shall have the following 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 Company management and any 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 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 (i) annual base salary level, (ii) annual incentive opportunity level, (iii) long-term incentive opportunity level and (iv) any employment agreement, severance agreement, change-in-control agreement or provision, and (v) any special or supplemental benefits. 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, including without limitation, the CEO's employment agreement.

The Committee shall review and approve, and recommend for approval by the Board, the compensation and benefits of the Company's Executive Officers (other than the CEO) 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 consider the recommendations of the CEO for such Executive Officers and shall take account of the levels and forms of compensation given to executive officers serving similar functions at other comparable companies. Upon the request of the Committee, the Committee shall annually receive from, and review with, the CEO 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 recommend to the Board any changes that the Committee determines to be necessary as a result of this review. Any changes to 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 participate and shall review and make recommendations to the Board with respect to the adoption, modification or termination of 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 which require the Board approval.

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 periodic reviews of the Company's plans for Executive Officer succession.

Compliance

The Committee, together with the Company's legal counsel, 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, Company annual performance goals and certifying that such performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

General

The Committee shall:

- At the request of Company management, make itself available for consultation with management on any matters relating to compensation and benefits.
- 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 ("SEC"), NASDAQ, and any other governmental entity or governing regulatory authority regarding the matters set forth in this Charter.
- Review and discuss the Compensation Discussion and Analysis (the "CDA") required to be included in the Company's proxy statement and annual report on Form 10-K by the rules and regulations of the SEC with management and the Board.
- Review and assess the adequacy of this Charter on an annual basis and recommend any proposed changes to the Board for approval.
- 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 Reports

The Committee shall provide the following reports to the Board:

- A report of the proceedings of each Committee meeting which shall be presented to the Board at the next regularly scheduled Board meeting following such Committee meeting.
- A report for inclusion in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.
- Any other reports which the Board may from time to time reasonably specify.