



EURAND N.V.

COMPENSATION COMMITTEE CHARTER

AS OF MARCH 7, 2007

EURAND N.V.

CHARTER OF THE COMPENSATION COMMITTEE

This Compensation Committee Charter (this “Charter”) was adopted by the Board of Directors (the “Board”) of Eurand N.V. (the “Company”) on March 7, 2007.

I. PURPOSE

The purposes of the Compensation Committee (the “Committee”) of the Board of the Company are to:

- discharge the Board’s responsibilities relating to compensation of the Company’s executives;
- oversee the Company’s compensation and employee benefit plans and practices;
- administer the Company’s stock option plans and determine the degree and extent of awards granted thereunder; and
- produce an annual report on the executive compensation for inclusion in the Company’s proxy statement, if required and in accordance with applicable rules and regulations.

The Committee shall ensure that compensation programs are designed to encourage high performance, promote accountability and assure that employee interests are aligned with the interests of the Company’s shareholders.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s Amended and Restated Articles of Association (the “Articles”) and the Dutch Corporate Governance Code (the “Code”). The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board (with the exception of the representation power of the Board towards third parties). To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

II. MEMBERSHIP

The Committee shall be composed of at least two non-executive directors as determined by the Board. The selection of the members of the Committee shall be made in accordance with the applicable corporate governance rules of the Nasdaq Global Market

(“Nasdaq”), subject to any election by the Company to be treated as a “controlled company” with the meaning of the Nasdaq rules, or such other national securities exchange or stock market on which the Company’s securities may be listed and the independence requirements of the Code.

The members of the Committee, including the Chair of the Committee (the “Chair”), shall be appointed by the Board on the recommendation of the Nominating/Corporate Governance Committee. The Committee shall not be chaired by the chairman of the Board, by a former executive member of the Board or by a non-executive member of the Board who is a member of the management board of another listed company. Vacancies on the Committee may be filled by the Board, and members of the Committee may be removed, with or without cause, only by the Board. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

III. MEETINGS AND PROCEDURES

The Chair (or in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Articles that are applicable to the Committee.

The Committee shall meet as often as it determines is appropriate to carry out its responsibilities.

All non-executive directors who are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such information as the Committee requests. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including but not limited to, any non-executive director who is not a member of the Committee.

The Committee may conduct or authorize investigations into or studies of matters within the Committee’s responsibilities, and the Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by the Committee to discharge its responsibilities hereunder. The Committee shall have the authority to obtain, at the Company’s expense, advice and assistance from independent legal, financial or other advisors or consultants as it deems necessary or appropriate in the performance of its duties. The Committee shall have the sole authority to retain or terminate any such advisor or consultant, including sole authority to approve such advisor or consultant’s fees and other retention terms, with such fees to be borne by the Company.

The Chair shall report to the Board following meetings of the Committee and as otherwise requested by the Chairman of the Board. The Committee shall keep written minutes of its meetings.

IV. DUTIES AND RESPONSIBILITIES

The Committee shall have the following responsibilities:

- To draft and propose for adoption by the non-executive members of the Board, review and approve periodically the goals and objectives relevant to the compensation of the Chief Executive Officer and the Company's other executive officers, and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate, including taking any and all action that may be taken by the Board with respect to development of compensation policies that will attract and retain the highest qualified executives, that will clearly articulate the relationship of corporate performance to executive compensation and that will reward executives for the Company's progress.
- To evaluate annually the performance of the Chief Executive Officer in light of the goals and objectives of the Company's executive compensation plan, and set his or her compensation level based on this evaluation. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee shall consider all relevant factors, including the Company's performance and relative shareholder return, the value of similar awards to chief executive officers of comparable companies and the awards given to the Chief Executive Officer of the Company in past years.
- To draft and propose for adoption by the non-executive members of the Board, review and approve the compensation for executive officers, including the review and approval of the design and implementation of any incentive arrangements, equity compensation, and supplemental retirement programs. The proposal shall include the amount of fixed compensation, the shares and/or options to be granted and other forms of compensation.
- To review and approve grants and awards to executive officers and other participants under the Company's equity-based compensation plans. The Committee shall have full power and authority to administer these plans, establish guidelines, interpret plan documents, select participants, approve grants and awards, and exercise such other power and authority as may be permitted or required under such plans.
- To evaluate periodically and make recommendations to the Board regarding the amount and types of compensation that should be paid to the Company's outside directors, to ensure that such pay levels remain competitive, taking into account such factors as the Company's size, industry characteristics, location, the practices of comparable companies and such other factors as the Committee deems relevant. Notwithstanding the foregoing, compensation of directors shall be approved by shareholders pursuant to the Code.
- To review and approve any employment, severance or termination arrangements to be made with any executive officer of the Company.
- To perform such duties and responsibilities as may be assigned to the Committee under the terms of any executive or employee compensation or benefit plan.

- To review perquisites or other personal benefits to the Company's executive officers and recommend any changes to the Board.
- If required by applicable rules and regulations, to issue an annual report on executive compensation and to review the Company's compensation discussion and analysis with management.
- To prepare a report that shall contain an account of the manner in which the compensation policy has been implemented in the past financial year, as well as an overview of the compensation policy planned by the non-executive directors for the next fiscal year and subsequent years.
- To review all equity compensation plans that are not subject to shareholder approval under the listing standards of Nasdaq, or such other national securities exchange or stock market on which the Company's securities may be listed, and to approve such plans in its sole discretion.
- To periodically report the matters considered and the actions taken by the Committee to the Board or whenever the Committee shall so be called to do so by the Board.
- To perform such other acts incidental to, arising out of or in connection with, or otherwise related to, the authority granted to the Committee hereby or the carrying out of the Committee's duties and responsibilities hereunder.

V. EVALUATION OF THE COMMITTEE

The Committee will periodically review this Charter and will recommend any changes or amendments to the Board as the Committee deems appropriate, including changes necessary to satisfy any applicable requirements of Nasdaq, the U.S. Securities and Exchange Commission, the Code and any other legal or regulatory requirements.

VI. DELEGATION OF DUTIES

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee. In particular, the Committee shall be entitled to appoint a subcommittee of the Committee composed of two or more "outside directors" under the regulations promulgated under Section 162(m) of the Internal Revenue Code.

A copy of this Charter will be made available on the Company's website at www.eurand.com. Copies of this Charter are also available in print to any shareholder who otherwise requests a copy. Shareholders may request such information by writing to: Eurand N.V., Attention: Secretary, Olympic Plaza, Fred. Roeskestraat 123, 1076 EE Amsterdam, The Netherlands.
