

UNIGENE LABORATORIES, INC.

CHARTER OF THE COMPENSATION COMMITTEE

October 26, 2007

Purpose

The purpose of the Compensation Committee is to carry out the responsibilities of the Board of Directors (the “**Board**”) with respect to the compensation for the directors and executive officers of Unigene Laboratories, Inc. (the “**Company**”).

The Compensation Committee shall develop and oversee the implementation of the Company’s philosophy with respect to the compensation of directors and executive officers of the Company that will (i) reflect the financial performance of the Company and achievement of financial and other performance objectives, (ii) align the interests of the Company’s executive officers with the interests of its stockholders and (iii) provide long-term incentives for executive officers to contribute to the overall success of the Company. The Compensation Committee shall seek to set executive compensation at levels that are sufficiently competitive so that the Company may attract, retain and motivate high quality executives who will contribute to the Company’s success. In assessing overall compensation for executive officers, the Compensation Committee shall consider the Company’s performance and industry position, the individual’s performance, general industry data, the recommendations of third-party consultants, if appropriate, and such analytical tools as the Compensation Committee deems appropriate.

This Charter is in all respects subject and subordinate to the Company’s Certificate of Incorporation and Bylaws, as such documents may be amended from time to time, and all applicable laws.

Committee Membership

The Compensation Committee shall consist of no fewer than three members. Each member of the Compensation Committee shall satisfy the independence requirements of the markets and/or exchanges in which the Company currently trades, and meet the definitions of “non-employee director” for purposes of Rule 16b-3 promulgated by the SEC under the Securities Exchange Act of 1934, as amended, and “outside director” for purposes of Section 162(m) of the Internal Revenue Code, as amended (the “**Code**”).

The members of the Compensation Committee shall be appointed by the Board at the Company’s annual organizational meeting or at any regular or special meeting of the Board, and each member shall serve until his or her successor shall be duly elected and qualified, until such member’s removal from the Compensation Committee by the Board or until such member ceases to be a member of the Board or to meet the independence or other membership requirements set forth in this Charter. Vacancies on the Compensation Committee shall be filled by the Board, and any member of the Compensation Committee may be removed, with or without cause, by the action of a majority of the whole Board. The Board shall designate one member of the Compensation Committee to serve as its Chairman. The Compensation Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Compensation Committee may deem appropriate, provided the subcommittees are composed entirely of independent directors.

Meetings

The Compensation Committee shall meet at the call of the Chairman of the Compensation Committee or of any two members of the Compensation Committee (or if there shall be only one other member, then at the call of that member), but in no event less frequently than two times per year. A majority of the

Compensation Committee membership shall constitute a quorum for the transaction of business (or if there shall be only two members, then both must be present), and the act of a majority of those present at any meeting at which a quorum is present (or if there shall be only two members present, then they must act unanimously) shall be the act of the Compensation Committee. Those Compensation Committee members present in person or by means of telephone conference or other communications equipment through which all persons participating in the meeting can hear each other shall be counted to determine whether a quorum is present and to constitute a majority for any act of the Compensation Committee.

The Compensation Committee shall keep regular minutes of its proceedings, which minutes shall be recorded in the Minute Book of the Company. The Secretary or Assistant Secretary of the Company may act as Secretary of the Compensation Committee, if requested, or the Compensation Committee may appoint one of its members to act as Secretary of a meeting. The Compensation Committee may also act by unanimous written consent without a meeting in accordance with the Company's Bylaws and applicable law, and any such action taken by written consent also shall be recorded in the Minute Book of the Company.

When the Compensation Committee meets to evaluate and recommend to the Board the compensation of the Company's Chief Executive Officer (the "CEO"), the Compensation Committee shall meet in executive session without the presence of the CEO. The CEO may be present during deliberations to determine the compensation of all other officers of the Company, but may not vote.

Committee Authority and Responsibilities

1. The Compensation Committee annually shall review and recommend for approval by the Board the corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and determine and recommend to the Board for approval the CEO's compensation level based on this evaluation, all in keeping with the Company's compensation philosophy established by the Compensation Committee. In determining the long-term incentive component of the CEO's compensation, the Compensation Committee may consider the Company's performance and relative stockholder returns, the value of similar incentive awards to CEOs at comparable companies, the awards given to the CEO in past years and other factors that the Compensation Committee deems appropriate in connection with its review.
2. The Compensation Committee shall review and recommend for approval by the Board the salaries, bonuses and benefits of other executive officers of the Company, including awards under incentive-compensation plans and equity-based plans. In so doing the Compensation Committee shall consider the CEO's recommendations regarding salary, bonus and benefits for such executive officers.
3. The Compensation Committee shall review and recommend for approval by the Board the employment agreements of the CEO and all other executive officers of the Company.
4. The Compensation Committee shall review and recommend for approval by the Board the terms of any severance, post-termination or change in control benefits payable to the CEO or any other executive officer of the Company and any agreement providing for such benefits.
5. The Compensation Committee shall review and recommend for approval by the Board the appropriate amount of compensation for the non-employee directors, including awards under equity-based plans.
6. The Compensation Committee shall recommend for approval by the Board the performance criteria and goals for compensation intended to qualify as performance-based compensation, within the meaning of Section 162(m) of the Code, for the Company's executives, evaluate the

performance of the Company and its executives annually and certify whether and to what extent performance goals have been attained.

7. The Compensation Committee shall develop, 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 applicable stock exchange or trading market rule) stock ownership, stock option and other equity-based compensation plans of the Company, and related policies and programs.
8. The Compensation Committee shall review management's recommendations regarding compensatory awards for the Company's officers, and then make individual determinations and grant shares, stock options, or other equity-based awards under equity-based compensation plans to the Company's officers and non-employee directors, and the Compensation Committee shall exercise such other power and authority as may be required or permitted under such plans; provided that the responsibility for making individual determinations and grants for employees who are not officers may be delegated by the Compensation Committee to the Company's management.
9. The Compensation Committee shall periodically review policies in the area of executive officer perquisites and make appropriate recommendations to the Board.
10. The Compensation Committee shall periodically review and revise, as needed, the Company's policy regarding the payment of compensation in excess of applicable limitations under Section 162(m) of the Code.
11. The Compensation Committee shall review and discuss with the CEO and the Company's Chief Financial Officer the Compensation Discussion and Analysis required in the Company's annual report or proxy statement and determine whether to recommend to the Board that the Compensation Discussion and Analysis be included in the Company's annual report or proxy statement for the annual meeting of stockholders.
12. The Compensation Committee shall provide, over the names of the members of the Compensation Committee, the required Compensation Committee report for the Company's annual report or proxy statement for the annual meeting of shareholders.
13. The Compensation Committee shall have this Charter posted on the Company's website and/or published in accordance with applicable SEC regulations.

In addition to the activities described above, the Compensation Committee will perform such other functions as necessary or appropriate in its or the Board's opinion under applicable law, the Company's Certificate of Incorporation or Bylaws and the resolutions and other directives of the Board.

Resources

The Committee shall have the right to make use of appropriate resources in fulfilling its duties and responsibilities, including:

1. Retaining and determining the fees and retention terms of such third party counsel, consultants, accountants and other advisors as the Compensation Committee deems necessary or advisable to assist in setting and evaluating non-employee director, CEO and executive officer compensation, and have sole authority to terminate such advisors.

2. Utilizing comparative evaluations of the Company's performance and goals relative to similarly sized enterprises and analytical tools such as tally sheets, wealth accumulation analysis and internal pay equity studies.

Evaluation

The Compensation Committee shall, at least annually:

1. Review the Company's overall compensation philosophy and evaluate the results of such policy in order that the compensation payable to the Company's executive officers provides overall competitive pay levels, creates proper incentives to enhance stockholder value, rewards superior performance, and is justified by the returns available to stockholders.
2. Conduct a self-evaluation of the performance of the Compensation Committee and its members, review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

Reporting Responsibility

The minutes of the Compensation Committee reflecting, among other things, all actions taken by the Compensation Committee, shall be reported to the Board at the next Board meeting following the meeting of the Compensation Committee that is the subject of such minutes. In addition, matters within the responsibility of the Compensation Committee shall be reviewed by the full Board from time to time during the course of the year.