

KENDLE INTERNATIONAL INC. AUDIT COMMITTEE CHARTER

The Board of Directors has appointed an Audit Committee (the "Committee") to oversee the Company's financial processes, to evaluate the adequacy of the Company's internal controls and the integrity of its financial reporting and to monitor the independence and performance of the Company's internal and external auditors. The Board has adopted this Charter to set forth the responsibilities and authority of the Committee.

COMPOSITION

The Committee shall be composed of three or more directors, each of whom shall meet the independence and experience requirements of the National Association of Securities Dealers and Section 10A of the Securities Exchange Act, as amended by the Sarbanes-Oxley Act of 2002. At least one member shall be a financial expert as defined under the United States Securities and Exchange Commission rules promulgated pursuant to § 407 of the Sarbanes-Oxley Act of 2002. All members must have the ability to read and understand financial statements.

MEETINGS

The Committee will meet as frequently as it believes is necessary or appropriate to fulfill its duties and responsibilities under this Charter or upon the request of the Company's outside auditors.

The Committee will also meet at least annually with the outside auditors of the Company's financial statements and not in the presence of management to assess the adequacy of the Company's accounting processes and personnel, the sufficiency of internal controls and the completeness and accuracy of the Company's financial statements. At this meeting the Committee will also review the matters required to be discussed with the outside auditors by Statement on Auditing Standards No. 61 and, as appropriate, those matters will also be discussed in other meetings with the outside auditors as called for by this Charter or otherwise. The Committee will also meet with members of financial management and not in the presence of the outside auditors to review the performance of the outside auditors.

In fulfilling its duties and responsibilities, the Committee shall have the power to retain, at the Company's expense, outside counsel or other experts.

RESPONSIBILITIES AND DUTIES

The Committee will:

A. Outside Auditors.

1. Select for appointment the outside auditors for the coming fiscal year.
2. Review and discuss with the outside auditors the scope of their audit services and approve their fees for such services.
3. In accordance with policies and procedures that the Committee may adopt from time to time, pre-approve all audit and non-audit services and their accompanying fees to be performed by the Company's outside auditors.
4. Review the most recent report of the Public Company Accounting Oversight Board of its examination of the Company's outside auditors.
5. Ensure that the lead audit partner of the outside auditor and the audit partner responsible for reviewing the audit are rotated at least every five years.
6. Ensure disclosure in the Company's periodic reports filed with the SEC, any non-audit services approved to be performed by the Company's outside auditors.
7. Require that the outside auditors periodically submit to the Committee a written statement consistent with Independence Standards Board No. 1 disclosing all relationships between the outside auditors and the Company.
8. Discuss with the outside auditors any disclosed relationships or services that may affect their objectivity and independence and take any appropriate actions necessary to ensure the outside auditors' objectivity and independence.
9. Determine whether the provision of non-audit services by the Company's outside auditors is compatible with maintaining their independence.
10. Recognizing that the outside auditors ultimately are accountable to the Committee, evaluate the performance of the outside auditors and, if appropriate, replace the outside auditors.

B. Financial Statements and Audit Results

1. Review any certifications, reports, opinions or reviews rendered by the outside auditors.
2. Review and discuss the Company's audited financial statements and auditors' report with management and the outside auditors prior to recommending whether they should be approved and included in the Company's Form 10-K to the Board of Directors.
3. Review and discuss with the Company's financial management and outside auditors the Company's Forms 10-Q prior to their filing.
4. In consultation with the outside auditors, review the integrity of the Company's financial reporting processes (both internal and external) and the internal control structure, including disclosure controls.
5. Review, at least annually, a report from the outside auditors as to all critical accounting policies and practices, alternative treatments with financial information within GAAP discussed with management, ramifications of the use of alternative disclosures, the treatment preferred by the outside auditors in each instance, management letters and other communications.
6. Discuss any new auditing and accounting principles, practices and applications that must or may be adopted and their impact on the Company's financial statements.
7. Following completion of each audit, review separately with management and the outside auditors any significant difficulties encountered during the course of the audit and any restrictions on the scope of work or access to required information.
8. Resolve any disputes between the Company's management and the outside auditors.
9. Consider the outside auditor's judgment about the quality and appropriateness of the accounting principles and practices utilized by the Company in its financial reporting.
10. Discuss with management areas of known financial risk and uncertainty and management's plans to deal with those risks and uncertainties.
11. Discuss with the outside auditors the overall approach to, and staffing of, the audit and areas which they believe should receive particular attention.

C. Internal Audit Program

1. Review and evaluate the organizational status of the Company's internal audit function.
2. Review the scope, approach and results for both recent and planned activities of the internal audit function.
3. Ensure unrestricted access to the Committee by the internal audit function to discuss audit findings or other matters of importance.

D. Charter and Proxy Statement

1. Review this Charter at least annually and recommend to the Board of Directors for adoption any revisions which the Committee deems necessary or appropriate.
2. Prepare a report of the Committee to be included in the Company's proxy statement for its annual shareholders' meetings.

E. Complaint Procedures and Related-Party Transactions

1. Establish and maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
2. Review and approve (if appropriate) all related-party transactions.

LIMITS OF RESPONSIBILITY

The Committee shall be mindful that its role is one of oversight and that it is not the duty or responsibility of the Committee to conduct audits or to determine if the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles. It is the responsibility of the Company's management to prepare the financial statements and the responsibility of the outside auditors to conduct the audit.