

Audit Committee Procedures for Handling Complaints

Statement of Purpose

CPEX Pharmaceuticals, Inc. (the “Company”) strives to conduct all of its activities according to high ethical standards and is committed to compliance with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices. In accordance with this goal and the requirement of applicable law, the Company has devised the following procedures for employees to submit anonymous and confidential complaints or concerns regarding questionable accounting or auditing matters.

Anonymous and Confidential Complaint Procedures

(a) The Company has engaged EthicsPoint, Inc. to receive and process any and all complaints from its employees, including complaints regarding accounting or auditing practices.

(b) Any Company employee who has a concern regarding what he or she views as questionable accounting or auditing practices is encouraged to contact their supervisor, the Chief Financial Officer, or the Human Resources Department in order to bring these concerns to the attention of the Audit Committee. Alternatively, employees may submit their complaints anonymously if they so choose by calling EthicsPoint, Inc. toll free at 888-329-6440 from within the US and Canada, or by reporting any such concerns through the Internet at www.ethicspoint.com. Employees are encouraged to give as much detail regarding the complaint or concern as is reasonably practical to permit the concern to be adequately reviewed and evaluated.

(c) The Company will not discipline, discriminate against or retaliate against any employee who reports such concerns in good faith, whether or not such information is ultimately proven to be correct, or who cooperates in any investigation or inquiry regarding such conduct.

(d) CPEX Pharmaceuticals, Inc. will periodically provide to all Company employees materials regarding the process for submitting complaints, including how to make submissions on a confidential and anonymous basis, and update such procedures as necessary. All new Company employees will receive these materials upon commencement of employment with the Company.

Processing Complaints

(a) All complaints relating to accounting or auditing practices received by EthicsPoint, Inc. shall be submitted to the Company’s Chairman of the Audit Committee.

(b) The Audit Committee will schedule a portion of each regularly scheduled Audit Committee meeting for discussion of recently received complaints. In addition, if a member of the Audit Committee receives a complaint that in the judgment of such member warrants consideration prior to the next scheduled meeting, that member will attempt to convene a special meeting of the Committee to discuss such complaint prior to the next regularly scheduled meeting.

(c) If the Audit Committee concludes, based on a discussion of a complaint, that such complaint is baseless or frivolous, no further action will be taken, and the Audit Committee will document the basis for this conclusion.

(d) If the Audit Committee is not able to conclude at the outset that a complaint is baseless or frivolous, it will conduct an investigation into the complaint. The specific approach to dealing with a particular complaint will depend on facts and circumstances. To the extent the Audit Committee deems appropriate, the Committee also may engage outside advisors to assist in the investigation.

(e) If, following an investigation, the Audit Committee determines that corrective action is appropriate, the Audit Committee will, to the extent it has the requisite authority, implement such corrective action on an expeditious basis and, to the extent the Audit Committee lacks the authority to implement such corrective action, it will recommend a course of action to the full Board of Directors.

(f) If, following an investigation, the Audit Committee determines that no corrective action is appropriate, the Audit Committee will conclude the investigation, noting the basis for its determination.

Retention of Complaints

The Chairman of the Audit Committee, on behalf of the Company, will maintain a file of materials related to complaints concerning the Company's accounting or auditing practices. These materials will be retained for a period of five (5) years or such longer period required by law.