

## Corporate Governance

A. The following sections of the Directive on Information Relating to Corporate Governance are included by reference, are not applicable or could be answered with "none." The sections that are dealt with in detail are stated in point B below. The numbering follows that of the Directive. The **articles of incorporation** and the details of the **Board of Directors** and of the **management** can be found on [www.actelion.com](http://www.actelion.com), under "Investors", "Corporate Governance".

Point	Item	Reference	N/A
<b>1.</b>	<b>Group Structure and Shareholders</b>		
1.1.3	The non-listed companies belonging to the issuer's consolidated entities	Financial Section, note 2, page 52	
1.2	<b>Significant shareholders</b>	Financial Section, note 8, page 53	
1.3	<b>Cross-shareholdings</b>		none
<b>2.</b>	<b>Capital Structure</b>		
2.1	<b>Capital</b>	Financial Section, note 3, 4 + 5 page 52 + 53	
2.2	<b>Authorized and conditional capital in particular</b>		
	Conditional share capital	Financial Section, note 4, page 53 and article 3a of the articles of incorporation	
	Authorized share capital	Financial Section, note 5, page 53 Article 3b of the articles of incorporation	
2.3	<b>Changes in capital</b>	Financial section, page 34 + 35 and financial statements 2003	
2.4	<b>Shares and participation certificates</b>		
	Shares	Financial Section, note 3, page 52	
	Participation certificates		none
2.5	<b>Profit sharing certificates</b>		none
2.6	<b>Limitations on transferability and nominee registrations</b>		
2.6.1	Limitations on transferability for each share category, along with an indication of statutory group clauses, if any, and – rules on making exceptions.	Article 5 of the articles of incorporation	none
2.6.2	Reasons for making exceptions in the year under review.		N/A
2.6.3	Admissibility of nominee registrations, along with an indication of percent clauses, if any, and registration conditions.	Article 5 of the articles of incorporation	
2.6.4	Procedure and conditions for canceling statutory privileges and limitations on transferability.	Article 5 of the articles of incorporation	
2.7	<b>Convertible bonds and options</b>		
	Convertible bonds	Financial Section, note 16, page 44	
	Options	Financial Section, note 20, page 46 + 47	
<b>3.</b>	<b>Board of Directors</b>		
3.3	<b>Cross-involvement</b>		none
<b>4.</b>	<b>Senior Management</b>		
4.2	<b>Other activities and vested interests</b>		none
4.3	<b>Management contracts</b>		none
<b>5.</b>	<b>Compensation, shareholdings and loans</b>		
5.3	<b>Compensations for former members of governing bodies</b>		none
5.7	<b>Additional fees and remunerations</b>		none
5.8	<b>Loans granted by governing bodies</b>		none
<b>6.</b>	<b>Shareholders' Participation</b>		
6.1	<b>Voting rights and representation restrictions</b>	Article 5 + 11 of the articles of incorporation	
6.2	<b>Statutory quorums</b>	Article 15 of the articles of incorporation	law
6.3	<b>Convocation of the general meetings of shareholders</b>	Article 9 +13 of the articles of incorporation	law

## Corporate Governance

B. The following items are handled directly in this section:

### 1. Group Structure and Shareholders

#### 1.1 Group Structure

##### 1.1.1 Description of Actelion's operational group structure

Actelion Ltd is the holding and finance company of the Group.

Actelion Pharmaceuticals Ltd, based in Allschwil, a 100% subsidiary of Actelion Ltd, is in charge of discovery, development, registration, production, quality assurance, safety, marketing coordination, group management and coordination. Actelion Pharmaceuticals Ltd further holds the intellectual property rights of the Group.

Actelion Registration Ltd, based in London, a 100% subsidiary of Actelion Ltd, holds the marketing authorizations for products marketed by Actelion in the EU.

Axovan Europe Ltd, based in London, a 100% subsidiary of Actelion Pharmaceuticals Ltd, holds the marketing authorization for products marketed by Actelion in the EU.

Actelion Percurex AG, based in Basel, a 100% subsidiary of Actelion Ltd., performs research and development services on behalf of the Group.

Actelion Clinical Operations, Inc. based in New Jersey, a 100% subsidiary of Actelion Ltd, performs clinical operations on behalf of the Group.

Actelion Pharmaceuticals Israel Ltd, based in Ramat-Gan, a 100% subsidiary of Actelion Ltd, performs clinical operations on behalf of the Group.

Actelion Paris Organisation SAS, based in Paris, a 100% subsidiary of Actelion Ltd, performs administrative and marketing services in Europe for the Group.

Actelion Finance SCA and Actelion Partners SNC, both based in Luxembourg, and Actelion Participation GmbH, based in Allschwil, all three 100% subsidiaries of Actelion Ltd, as well as Actelion Luxembourg SARL, based in Luxembourg, a 100% subsidiary of Actelion Participation GmbH, perform financing for the Group.

The remaining group companies serve as import, marketing and sales companies for the Group.

##### 1.1.2 All listed companies belonging to the Issuer's Group

Actelion Ltd  
Gewerbstrasse 16  
CH-4123 Allschwil  
Switzerland

Listed on the SWX Swiss Exchange under the code ATLN  
ISIN CH0010532478

Market capitalization as of  
Dec 31, 2004: CHF 2,594,122,510.40

### 3. The Board of Directors

#### 3.1 Board members

#### 3.2 Other activities and functions of the members of the Board of Directors

##### Robert E. Cawthorn

*Education:* degree in agriculture, Cambridge University, England  
*Professional background:* Managing Director of Global Health Partners, DLJ Merchant Banking; Chairman and CEO of Rhone-Poulenc-Rorer, Inc. (formerly Rorer Group) President of Biogen S.A.; various executive positions at Pfizer International; former Board member of CBS, Charles River Laboratories, Sunoco and the Vanguard Group.

*Other activities and functions:* Member of the Board of Directors of the following unlisted companies: Coley Pharmaceutical Group, Leerink Swann & Company, NextPharma Technologies, H2O Technologies (Chairman) and Chairman of the Trustees of The Bermuda Biological Station for Research, a not-for-profit oceanographic research organization.

##### Jean-Paul Clozel

*Education:* medical degree in France; further training in pharmacology and physiology at the University of Montreal, Canada, and the University of California, San Francisco.

*Professional background:* Practicing Cardiologist for 11 years; Head of Drug Discovery Group in the Cardiovascular Department of F. Hoffmann-La Roche for 12 years; Founder and Chief Executive Officer of Actelion.

*Other activities and functions:* None

##### Werner Henrich

*Education:* Chemist and European Patent Attorney

*Professional background:* Former Head of Global Intellectual Property and Pharmaceutical Licensing, F. Hoffmann-La Roche Ltd., Basel.

*Other activities and functions:* Member of the Board of Directors of the listed company Basilea Pharmaceutica, a biotechnology company involved in antibiotics, and of the following unlisted companies: Addex Pharmaceuticals, an R&D company focusing on central nervous system disorders, TLT Medical, TET Systems and Ophthalmopharma.

##### Fred Meyer\*

*Education:* M.B.A. with distinction from the Harvard Business School and an M.S., cum laude, from the Swiss Federal Institute of Technology.

*Professional background:* President of Cove Capital Corp.; senior management positions with Omnicom Group Inc. (Chief Financial Officer, Vice Chairman, Special Advisor/Executive); Senior Vice President, Finance and Chief Financial Officer of CBS Inc.; senior management positions with Sandoz Ltd, including President and Chief Executive Officer, Sandoz United States.

*Other activities and functions:* Member of the Board of Directors of the following unlisted entities: Novartis Corp., Partners Group (USA) Inc. and Earthjustice Legal Defense Fund.

##### André J. Mueller

*Education:* Chartered Chemical Engineer, Superior Technical College, Geneva (1964); Lincenciate in Business Economics, University of Geneva (1970), MBA, INSEAD Fontainbleau (1971).

*Professional background:* Process Engineer with CIBA Ltd.; after completion of university, management positions in planning and finance at Sandoz (now Novartis) in Switzerland and the US; five years as the first Chief Financial Officer of Biogen; Co-Founder of Genevest venture capital group; member of the management consulting practice of Deloitte and Touche from 1993 to 1997; member of founding team of Actelion and Chief Financial Officer until 2003.

*Other activities and functions:* Member of the Board of Directors of the listed company Synthes Inc. and of the following unlisted companies: Addex Pharmaceuticals (Chairman), an R&D company focusing on central nervous system disorders, Apoxis SA and Arpida Ltd, an R&D company focusing on antibiotics.

##### Jean Malo

*Education:* M.B.A. from ESSEC Business School in Paris in 1977.

*Professional background:* Chartered Financial Analyst and a member of the Association for Investment Management and Research and the Houston Society of Financial Analysts. Chief Investment Officer for Vaughan Nelson Scarborough and McCullough, including managing several equity portfolios between 1997 and 2000. From 1989 to 1997, managed both equity and fixed income portfolios for Daniel Breen and Company in Houston. From 1978 to 1989, Corporate Banker for Banque Indosuez in Saudi Arabia, Houston, and New York. Between 1977 and 1978, Financial Analyst at the French Embassy in Singapore.

*Other activities and functions:* As of 2000, Senior Partner and Chief Investment Officer at Breeco Management L.P., a registered investment advisor.

##### Armin Kessler

*Education:* degree in physics and chemistry from Pretoria University in South Africa, degree in chemical engineering from the University of Cape Town, South Africa and a juris doctorate from Seton Hall University.

*Professional background:* Chief Operating Officer of F. Hoffmann-La Roche Ltd., in Basel, Switzerland, from 1990 to 1995. Prior to appointment as COO, senior management positions at Roche, including Head of the Diagnostics and Pharmaceutical divisions. Earlier positions included Director of Pharmaceutical Marketing Worldwide at Sandoz (now Novartis) and President of Sandoz KK in Tokyo.

*Other activities and functions:* Member of the Board of Directors at The Medicines Co., Gen-Probe and Spectrum Pharmaceuticals; formerly on the Board of Syntex Chemicals and Genentech.

\*Board member until 31 December 2004

## Corporate Governance

### 3.4 Elections and terms of office

#### 3.4.1 Principles of the election procedure and limits of the terms of office

According to article 16 of the Articles of Association, the 5 to 11 members of the Board of Directors are elected by the meeting of the shareholders for a term of office of three years. One year of office is understood to be the period from one ordinary meeting

of the shareholders to the next ordinary meeting of the shareholders. The Board of Directors is renewed each year by one third. The term of office of newly elected members shall be fixed at the time of the election under due consideration of the renewal cycle. In addition, the by-laws currently foresee that members, who have completed their seventy-fourth year of age, shall retire per the next ordinary meeting of the shareholders.

Name of Board member	Executive member	Nationality	3.4.2 Time of first election and the remaining term of office for each member of the Board of Directors		
			Date of annual general meeting of first election	Date of annual general meeting of renewal	Annual general meeting of end of term of office
Robert E. Cawthorn	No	British	2000	2002	2005
Jean-Paul Clozel	Yes	French	2000	2002	2005
Werner Henrich	No	French	2000	2004	2007
Armin Kessler	No	Swiss	2004	N/A	2007
Jean Malo	No	French	2004	N/A	2007
Fred J. Meyer*	No	Swiss	2000	2003	2006
André J. Mueller	No	Swiss	2001	2003	2006

### 3.5 Internal organizational structure

Name of Board member	3.5.1 Allocation of tasks within the Board of Directors			3.5.2 Members list, tasks and area of responsibility of each committee of the Board of Directors		
	Chairman	Vice-Chairman	Delegate	Compensation Committee	Finance and Audit Committee	Nominating and Governance Committee
Robert E. Cawthorn	×			×		×
Jean-Paul Clozel**			×	×		
Werner Henrich				×		
Armin Kessler				×		
Jean Malo					×	
Fred J. Meyer*					×	×
André J. Mueller		×			×	×

\*Fred Meyer resigned from the Board of Directors (and from the Committees of the Board) per year-end 2004.

\*\*Jean-Paul Clozel resigned from the Compensation Committee in December 2004.

### 3.5.2 Members list, tasks and area of responsibility of each committee of the Board of Directors (continued)

The *Compensation Committee* reviews matters related to the compensation of the CEO and other top managers, as well as the general employee compensation, benefit policies and HR practices of the Company. This Committee also proposes to the Board of Directors goals for global incentive plans and annual objectives and evaluates performance against these, and issues the Compensation Committee Report to the Board of Directors. The management keeps the Compensation Committee informed of other global HR projects and policies, which are being implemented or considered. In 2004, the Compensation Committee met 3 times.

The *Finance and Audit Committee* reviews the internal controls and finances of the Group as part of its mandate to examine risks confronted by the Group. The Chief Financial Officer (CFO) of the Company is responsible for the minutes and attends the meeting of the Finance and Audit Committee. The Finance and Audit Committee has the following responsibilities: (i) monitoring the efficiency of the Management Information Systems (MIS) and other relevant control systems and processes; (ii) the appointment of internal and external Auditors and definition of their tasks; (iii) the evaluation of the Audit Program and the Audit Results; (iv) the monitoring, evaluation and control of the period's accounts prior to their submission to the full Board of Directors; (v) the preparation of proposals for cash and other asset management; (vi) review of the budget and explaining action for decision to the full Board of Directors and performing risk assessment functions. The Finance and Audit Committee reports to the full Board of Directors at regular intervals and submits proposals for board resolutions, if necessary. In 2004, the Finance and Audit Committee met 7 times.

The *Nominating and Governance Committee* reviews considerations relating to Board composition, including size of the Board and the criteria for membership on the Board of Directors, identifies, reviews, considers, recommends to the Board qualified candidates to serve as Board members and members of the various committees of the Board. It further reviews directorships and consulting agreements of Board members for conflicts of interest, reviews and recommends corporate governance policies and principles for the company, annually oversees an evaluation of the Board of Directors and makes related recommendations to the Board. The Nominating and Governance Committee was established in 2004 and met at one occasion in 2004.

### 3.5.3 Work methods of the Board of Directors and its committees

In 2004, the Board of Directors met 6 times and a majority (if not all) members were present at each board meeting. When the situation so warrants, the Board of Directors holds additional ad hoc meetings or telephone conferences to discuss specific issues. Any member can request a meeting.

The management presents a status report and the Board of Directors makes the decisions on the relevant issues requiring board approval.

In the case of committees, after presentation of the issue by the management, the committee takes a preliminary decision for approval to the full Board of Directors, which will be reported along with the details of the issue, to the entire Board of Directors, who will take the final decision.

### 3.6 Definition of areas of responsibility

The Board of Directors has delegated the management of the Company's business to the CEO of the Company and to the Business Executive Board and has granted the CEO the power to appoint the members of the Business Executive Board.

The Board of Directors carries out the tasks reserved to it by law. The Business Executive Board takes all other management decisions.

The Board of Directors has set up a Scientific Advisory Board, with the task of reviewing the Company's progress in research and clinical development and evaluating new scientific perspectives alongside the Company's management. On December 31, 2004, the Scientific Advisory Board was composed of the following four external experts of worldwide reputation: Prof. Donald Hilvert, Prof. Joël Ménard, Prof. Craig Pratt and Prof. Richard Tsien.

### 3.7 Information and control instruments vis-à-vis the senior management

Currently, the Board of Directors receives monthly reports about the financial situation of the Company and quarterly reports made by the CEO. On a quarterly basis, the Board of Directors receives in addition the reports that are subsequently released to the public.

The management produces a monthly financial report, which is sent to the Board of Directors.

The risk management systems consist of quality control, which ensures that the products have the required quality to be marketed, internal review of clinical development, to ensure the safe development of the product and an extensive postmarketing surveillance ensuring the continuing safety of the marketed product. In the financial area, the Board of Directors is informed regularly about financial risk and the proposed actions to be taken to mitigate this risk.

During 2004, the Finance and Audit Committee has established an Internal Audit Department. A program of internal audit reviews will provide a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the Group.

## Corporate Governance

### 4. Senior Management

#### 4.1 Members of the senior management

On December 31, 2004, the Business Executive Board ("BEB") was composed of:

##### **Simon Buckingham**

*Title and function:* President, Head of US, Canada and Asia Pacific  
*Nationality:* Australian

*Education:* Bachelor of Veterinary Science (Honors), University of Sydney, Australia; Doctor of Philosophy, University of Melbourne, Australia; Graduate Management Qualification, Australian Graduate School of Management, University of New South Wales.  
*Professional background:* Sales and Marketing Director, F. Hoffmann-La Roche, Switzerland; Product Marketing Manager and Territory Manager, F. Hoffmann-La Roche, Australia.

##### **Christian Chavy**

*Title and function:* President, Head of Europe, Latin America, Middle-East & Africa

*Nationality:* French

*Education:* ESSEC Business School (Ecole Supérieure des Sciences Economiques et Commerciales) in Paris; Master's Degree in Business Management from ICG (Institut de contrôle de Gestion) in Paris.

*Professional background:* Vice-President and Head of Global Therapeutic Area Reproductive Health at Serono International in Geneva; Managing Director of Serono France; Managing Director of Rorer France, Rhone-Poulec Rorer, President of RPR Canada Inc.; Marketing Manager at Bristol-Myers France, Smith-Kline and Merck Sharp & Dohme.

##### **Jean-Paul Clozel**

*Title and function:* Chief Executive Officer

See section 3, p. 23

##### **Louis de Lassence**

*Title and function:* Vice President, Head of Corporate Services

*Nationality:* French

*Education:* Business School in Paris in 1976 and degrees in accounting

*Professional background:* External Auditor. From 1982 to 2000, worked for F. Hoffmann-La Roche, mainly in Finance and Administration; Internal Auditor; Finance Manager of Roche, Brussels; Assistant of the Vice-Chairman of the Roche Group; Finance Manager of Pharma International.

##### **Isaac Kobrin**

*Title and function:* Senior Vice-President, Head of Clinical Development

*Nationality:* Israeli

*Education:* Internist educated in Israel with further training (Fulbright Fellowship) at the Ochsner Medical Foundation in New Orleans (US) in the cardiovascular field.

*Professional background:* Senior Physician and Lecturer in Internal Medicine at Hadassah Hospital in Jerusalem, Israel. Group Leader of the Cardiovascular Development Group, F. Hoffmann-La Roche.

##### **Andrew J. Oakley**

*Title and function:* Vice President, Chief Financial Officer

*Nationality:* Australian

*Education:* MBA from London Business School

*Professional background:* Member of the Australian Institute of Chartered Accountants since 1987, following several years with a major accounting firm. Prior to joining Actelion, served in a senior finance capacity for the global holding companies of Accenture. Previously held executive positions in major multinational building material companies, and spent several years as an equity analyst with banks in Australia, the United Kingdom and the United States.

##### **Satoshi Tanaka**

*Title and function:* President and Representative Director, Japan

*Nationality:* Japanese

*Education:* Hematologist and Medical Doctor, Kyoto Prefectural University of Medicine; Master's Course at Kyoto Pharmaceutical University with certification as a Pharmacist; Behring Institute and University of Mainz in Germany (hematology and immunology); MBA from London Business School, Business Management at Cranfield University in the UK.

*Professional background:* Knoll AG in Germany (member of the Global R&D Management as President of Knoll Japan); Senior Managing Director of Hokuriku Seiyaku. Member of the Swiss Chamber of Commerce and Industry in Japan.

In addition to the above-named persons of the BEB, the Senior Management comprised the following individuals on December 31, 2004.

##### **Frédéric Bodin**

*Title and function:* Senior Vice-President, Head of International Medical Marketing

*Nationality:* French

*Education:* Cardiologist educated in France

*Professional background:* Clinical Leader for the development of benazepril and valsartan, Ciba-Geigy; Medical Marketing Leader, F. Hoffmann-La Roche; Medical Marketing Leader, Novartis.

##### **Martine Clozel**

*Title and function:* Senior Vice-President, Head of Drug Discovery, Pharmacology & Preclinical Development.

*Nationality:* French

*Education:* Pediatrician specialized in neonatal intensive care, University of Nancy, France; training in physiology and pharmacology at McGill University, Montreal, and at the University of California, San Francisco.

*Professional background:* Scientific Expert, Leader Drug Discovery Projects, F. Hoffmann-La Roche.

##### **Walter Fischli**

*Title and function:* Senior Vice-President, Head of Drug Discovery, Molecular Biology & Biochemistry.

*Nationality:* Swiss

*Education:* Biochemist educated at the Swiss Institute of Technology (ETH) in Zurich with further training in molecular biology and organic chemistry; Research fellowship at the Addiction Research Foundation, Stanford University.

*Professional background:* Leader of Drug Discovery Projects at F. Hoffmann-La Roche, including development of new screening systems. Co-Founder of Actelion, including establishment of new Discovery units.

## 5. Compensation, Shareholdings and Loans

### 5.1 Content and method of determining the compensation and the shareholding programs

Non-executive members of the Board of Directors receive a yearly fixed compensation (retainer) and meeting fees according to their individual attendance at Board and committee meetings as well as an allotment of shares and stock options.

Generally, the executive directors receive an allotment of shares and/or options from their directorship, and a cash compensation under their employment agreement.

Management members receive (i) fixed pay, determined according to the labor market following a survey, (ii) a yearly bonus, which is determined by the Board of Directors, upon recommendation of the Compensation Committee according to certain criteria that include the Company's, unit's and the individual's personal performance, as determined by the Board of Directors from time to time, and (iii) under the ESOP (Employee Stock Option Plan), stock options, the number of which is determined according to a grid agreed by the Board of Directors and which takes into account the functions of the management member in question.

### 5.2 Compensations for acting members of governing bodies

#### 5.4 Share allotment

In 2004, in aggregate, the executive members of the Board of Directors and the members of the management received a cash compensation of CHF 5,240,938.30 and a total of 17,600 (ESOP) and 30,000 (DSOP) options (see 5.6 for details).

In aggregate, the 6 non-executive members of the Board of Directors received in 2004 a cash compensation of CHF 250,000 and options and shares for a value of 268,666.67 CHF. Each director will decide in which form this compensation will be paid (options or shares).

### 5.5 Share ownership

As of 31 December 2004 the executive members of the Board of Directors and the members of the management held an aggregate of 2,170,044 shares.

As of 31 December 2004 the non-executive members of the Board of Directors held a total of 381,751 shares.

### 5.6 Options

As of 31 December 2004 the executive members of the Board of Directors and the members of the management held a total of 297,065 (ESOP) and 30,000 (DSOP) options. The allotment year and exercise price were as follows:

Number of options	Allotment year	Exercise price
72,000	1999	7.50
34,560	2000	7.50
40,000	2000	137.50
13,564	2001	42
13,768	2001	58.75
2,875	2001	60
22,045	2002	50
25,225	2002	62
3,828	2002	67
27,600	2003	62
10,400	2003	93
13,600	2003	94
6,800	2004	139
10,800	2004	148
30,000 (DSOP)	2004	142

As of 31 December the non-executive members of the Board of Directors held a total of 26,045 (ESOP) and 3,000 (DSOP) options. The allotment year and exercise price were as follows:

Number of options	Allotment year	Exercise price
2,920	1998	0.15
3,125	2001	42
11,250	2002	62
7,500	2002	42
1,250	2002	66
3,000 (DSOP)	2003	62

The subscription ratio for all options is 1/1 and the duration is generally 10 years as of the approval of the plan.

### 5.9 Highest total compensation

The member of the Board of Directors receiving the highest total compensation in 2004 has received:

Cash compensations:	CHF 777,700
Option allotment:	30,000 options (DSOP, value 15.60)
Share allotment:	none

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### 6. Shareholders' Participation

#### 6.4 Agenda

Shareholders holding more than CHF 1 million worth of shares are entitled to add items to the agenda of the general meeting of shareholders. Proposals for the annual general meeting of shareholders must be sent to the Company to arrive approximately 40 days prior to the date of the annual general meeting of shareholders. The exact deadline for sending in proposals is made public approximately 2 months prior to the date of the annual general meeting.

#### 6.5 Inscriptions into the share register

Only shareholders who are registered in the shareholders register of the company on the date falling 20 to 30 days prior to the annual general meeting of shareholders are entitled to vote at the AGM. The exact deadline for being registered in the shareholders register is made public with the press release following the presentation of the financials to the public for the year-end December 31.

### 7. Changes of Control and Defence Measures

#### 7.1 Duty to make an offer

There are no opting-out or opting-up provisions in the articles of incorporation.

#### 7.2 Clauses on change of control

There are addendums to the employment agreements of a certain number of employees in key positions providing for compensation in case of loss of position due to a change of control. Overall, 67 members of the senior management (including executive members of the board of directors) and of the other management as well as other key employees of the Actelion group worldwide have employment agreements with change of control clauses. Managerial positions are not necessarily congruent with key functions; therefore, it is unclear where to draw the line between other management and non-management functions.

Key employees may receive a severance payment for 24 months of salary. However, this severance payment would only be due if, within six (6) months prior to or two (2) years after the effective date of a Change in Control, the employing Actelion company terminates the employee's employment without Cause or the employee terminates his employment with Good Reason (Good Reason being either (a) a reduction in the Key Employee's salary, or (b) a material reduction or adverse or substantive change in the Key Employee's duties or responsibilities, or (c) the requirement that the Key Employee relocate to a worksite more than fifty (50) kilometers from the employing company's current principal office).

The ESOP provides that in case of change of control all options vest immediately.

### 8. Auditors

#### 8.1 Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers AG, Basel has been the Head Auditor of the Company since its incorporation. Their mandate as Head Auditor was renewed for the financial year 2004 by resolution of the shareholders of April 30, 2004.

Mr Clive Bellingham was appointed as head auditor in 2004.

#### 8.2 Auditing fees

On an accruals basis, the auditing fees for the year under review are as follows:

Audit fees	
PricewaterhouseCoopers	CHF 866,254
Audit-related fees	
PricewaterhouseCoopers	CHF 977,999

#### 8.3 Additional fees

In addition to the fees described above, aggregate fees of CHF 313,411 were billed by PricewaterhouseCoopers during the year ended December 31, 2004, primarily for income tax compliance and related tax services.

#### 8.4 Supervisory and control instruments pertaining to the audit

The *Finance and Audit Committee* deals with the review of the internal control of the accounts and finances of the Company. (see 3.5.2)

The auditors sign an engagement letter, meet with the Finance and Audit Committee to present their plan, scope, approach and after the audit, their auditing results. The Finance and Audit Committee reviews the scope of the work of the auditors and their fees and makes a risk analysis. The auditors present, in addition to their opinion, a report and a management letter. The Company has ensured that the auditor's partner in charge has unrestricted access to the Chairman of the Finance and Audit Committee.

## 9. Information Policy

The management comments publicly on the company's progress on a quarterly basis, at the same time that financials are made public. The shareholders are regularly informed of Actelion's business via ad-hoc releases, internet announcements, roadshows, major news agencies, Swiss Official Commercial Gazette. The Investor Relations & Public Affairs department is available to respond to shareholders' or potential investors' queries.

The Company's website can be accessed at [www.actelion.com](http://www.actelion.com). The site contains information useful to investors, including media releases, financial statements and background information on marketed products as well as clinical and preclinical projects.