

Charter of the Finance and Audit Committee

I. COMPOSITION OF THE FINANCE AN AUDIT COMMITTEE

The Committee shall be composed of non-executive and preferably independent members of the Board of Directors.

A majority of members, including the Chairman should have experience of finance and accountancy.

II. TASKS AND DUTIES

The Finance and Audit Committee shall have the following tasks and duties:

A. Financial planning

Evaluate management's principles and proposals for, and formulate recommendations to the full Board in regards to:

- financial planning (capital structure, management of resources, inter-company financing)
- dividend policy
- accounting, reporting and disclosure
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- capital market relations

B. Budget process and financial objectives

Review proposed concepts of financial objectives:

- cost of capital
- enhancement of shareholders' value
- group and divisional objectives
- project objectives (capital expenditures and M&A projects)

C. Finance policy , operations and risk management framework

Review finance policy, operations and risk management framework in the following areas:

- treasury
- controlling
- insurance
- taxes
- investments and acquisitions

D. Periodic accounts

- Review the US GAAP and statutory financial statements prior to release
- Submit the annual financial statements to the Board of Directors for presentation to the General Meeting of Shareholders.

E. Audit process

- Supervise the activity of the company's Internal Audit (IA) function: appoint the Head of the IA department, discuss and approve annual mission plans, review IA's resource requirement proposals, budget and financial discipline, review IA's cooperation with External Auditors.
- Discuss IA's reports and assure the implementation of their recommendations
- Select, evaluate and propose to the Board the External Auditors (EA) to be nominated for approval by the annual Shareholder's meeting
- Review the terms of engagement of the external auditors, including their compensation and review their performance
- Evaluate independence of the auditors and review all other relationships between the auditors and the company
- Review the audit process, the results of audits, and make an independent assessment of the quality of external auditors and internal control mechanism as well as the annual financial statements
- Discuss with the external auditors the results of their audits, any unusual items or disclosures contained in the audits, and the matters required by Statement on Auditing Standards no 61, as revised, including the following:
 - the initial selection of and changes in significant accounting policies
 - the methods used to account for significant or unusual transactions and the effects of significant accounting policies in controversial or emerging areas
 - the process utilized by management to formulate significant accounting estimates and the basis for the auditor's conclusions regarding the reasonableness of these estimates
 - audit findings and recommendations, including audit adjustments that either individually or in the aggregate have a significant effect on the audit
 - the auditor's responsibility for other information presented with the audit results, such as a management report on financial status
 - any disagreements with management, whether or not satisfactorily resolved, concerning matters that individually or in the aggregate may be significant to the Company's financial status or the auditor's report
 - significant issues discussed with management with regard to the initial or recurring retention of the auditor
 - any serious difficulties encountered in dealing with management during the performance of the audit
- assess the effectiveness of the external auditors and internal control mechanism as well as how the two bodies cooperate

F. Compliance

- Oversee in material respect the Company's compliance with applicable financial and securities laws

- Supervise procedures implemented to ensure compliance with the applicable financial and securities laws
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III. ORGANIZATION

A. Meetings

The Committee is called by its chairman or upon request of one of its members. It meets at least four times a year in person or by telephone.

B. Participants

In general, the CFO and the Head of IA shall attend the meetings. At least once a year, a meeting shall be held with the external auditor without the presence of the CFO, the Head of IA or the CEO.

C. Authority

- The Committee may request information directly or indirectly from all employees of the Actelion group and all employees are requested to cooperate.
- The Committee may hire external advisors if it deems useful. Thereby the Committee shall insure the coordination and support by the internal resources.

D. Information of the Board

The Committee shall record its resolutions. Minutes shall be kept by the Head of Internal Audit, in his absence by a member of the IA team. The minutes shall be sent to all members of the Board.