



DATED AUGUST 7, 2006

RULES GOVERNING THE MANAGING TEAM

1 Status and contents of the rules

- 1.1 These rules have been drawn up pursuant to paragraph 2 of article 10 of TI Pharma's articles of association and are complementary to the rules and regulations (from time to time) applicable to the managing team under Dutch law or TI Pharma's articles of association.
- 1.2 Where these rules are inconsistent with Dutch law or the TI Pharma's articles of association, the law or, as the case may be, the articles of association shall prevail. Where these rules conform to the articles of association but are inconsistent with Dutch law, the latter shall prevail. If one or more provisions of these rules are or become invalid, this shall not affect the validity of the remaining provisions. The Executive Board shall replace the invalid provisions by those which are valid and the effect of which, given the contents and purpose of these rules, is to the greatest extent possible similar to that of the invalid provisions.

2 Composition, expertise and independence of the managing team

- 2.1 The managing team shall consist of two members.
- 2.2 The managing team shall consist of a managing director and a scientific director.
- 2.3 The managing team shall function independently from any instructions by third parties outside TI Pharma.

3 Responsibilities of the managing team

- 3.1 The members of the managing team have a shared responsibility to accomplish the mission of TI Pharma, which is to:
 - conduct groundbreaking cross-disciplinary research, following a comprehensive and coherent research agenda that capitalizes on the synergy between innovative drug research and industrial interests within the general framework of public health objectives.
 - offer advanced training programs, focused on improving the efficiency of the drug discovery and development process.

- become a leading pharma research and training institute in Europe and a coordinating partner in European research networks.
- 3.2 The managing team is responsible for realizing the currently mostly dormant synergy between academic and industrial pharma R&D.
- 3.3 Where there is shared responsibility, the managing director will approach matters from the perspective of alignment with industry interest and drug development feasibility whereas the scientific director will approach matters from the scientific content and academic quality perspective.
- 3.4 The members of the managing team have a shared responsibility for the following tasks:
- to prepare a strategic plan, annual plan and budget.
 - to advise of the approval of individual projects (objectives, budgets, participants).
 - to establish targets for individual projects and monitor performance vs. target.
 - to establish targets for TI Pharma and manage performance vs. target.
 - to monitor, steer and report adherence of projects with overall policies (IP, Priority Medicines).
 - to report to the Executive Board.
- 3.5 The specific tasks of the managing director are:
- to manage the day-to-day business of TI Pharma.
 - to manage strategic, governance and operational processes within TI Pharma.
 - to prepare reporting for Executive Board and supervisory board as well as Government.
 - to monitor and steer deviations of actual vs. approved allocation of funds over themes / disciplines and projects as well as actual vs. planned progress of projects.
 - to manage relationship and negotiate with subsidy providers.
 - to acquire new partners and funding, in collaboration with the scientific director.
 - to involve other institutes, in collaboration with the scientific director.
- 3.6 The specific tasks of the scientific director are:
- to ensure high quality of scientific processes within TI Pharma.
 - to monitor and report scientific quality of projects and themes / disciplines.
 - to review and report on coherence and fit of themes / disciplines across TI Pharma.
 - to resolve scientific issues among themes / disciplines working groups.
 - to stimulate theme-discipline interactions, inter theme exchange and adherence to priority medicines.
 - to ensure that high quality training programs are established.
 - to attract world-class scientists.

- 3.7 In case of the absence of a director, his duties and powers shall be carried out temporarily by the other director or by a person to be designated by the managing team. In case of long-term absence or absence of more than six (6) weeks, the Executive Board shall be notified of that designation. In that case, the Executive Board may appoint a replacement for that director for the duration of any absence.
- 3.8 Each director shall have the right to receive from the other director and from employees any information about matters which he may deem useful or appropriate in connection with his management tasks. He must consult with the other director if the implementation of his duties affects the implementation of the duties of the other director or if the significance of the matter requires consultation with the other director.

4 Appointment, term

- 4.1 Directors shall be appointed in the manner as provided in TI Pharma's articles of association.
- 4.2 Directors shall be appointed for an indefinite period.

5 Conflict of interests

- 5.1 A director shall not participate in the discussions and/or decision-taking process on a subject or transaction in relation to which he has a conflict of interest with TI Pharma or any of its partners within the meaning of article 5.2.
- 5.2 A director shall in any event have a conflict of interests ("**conflict of interests**") if:
- a) he has a material personal financial interest in a company or institution with which TI Pharma intends to enter into a transaction;
 - b) his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree is a managing director of a company or institution with which TI Pharma intends to enter into a transaction;
 - c) he holds a managing or supervisory position with a company or institution with which TI Pharma intends to enter into a transaction.

6 Information with the Executive Board

- 6.1 The managing team shall timely provide the Executive Board with information (if possible, in writing) on all facts and developments concerning TI Pharma which the Executive Board may need to function as required and to properly carry out its duties.

7 Confidentiality

- 7.1 Directors shall treat all information and documentation acquired within the framework of their position as director with the necessary discretion and, in the case of classified information, with the appropriate secrecy. Classified information shall not be disclosed outside the Executive Board or managing team, made public or otherwise made available to third parties, even after resignation from the managing team, unless it has been made public by TI Pharma or it has been established that the information is already in the public domain.

8 Amendment

- 8.1 These rules may be amended by resolution of the Executive Board.

9 Governing law and jurisdiction

- 9.1 These rules shall be governed by and construed in accordance with the law of the Netherlands.
- 9.2 The courts of The Hague, the Netherlands, shall have exclusive jurisdiction to settle any dispute arising from or in connection with these rules (including any dispute regarding the existence, validity or termination of these rules).