



ARIAD Pharmaceuticals, Inc.

Corporate Governance Guidelines

Effective Date: April 20, 2012

The Board of Directors (the “Board”) believes that a strong system of corporate governance is critical to creating sustainable long-term shareholder value. The following guidelines establish the basic principles of corporate governance by which we operate.

Roles and Responsibilities of the Board of Directors

The Board is the ultimate decision-making body of the Company except with respect to those matters reserved for the stockholders. The directors of the Company are appointed or elected to oversee the actions and management of the Company under the direction of the Chief Executive Officer.

The responsibilities of the Board include:

- providing general oversight of the Company’s business,
- reviewing and approving financial operating plans,
- reviewing and approving major corporate initiatives,
- providing oversight of risk management, legal and ethical conduct,
- appointing new directors,
- determining the compensation of the directors,
- evaluating the processes and performance of the Board and its committees,
- appointing and evaluating the performance and determining the compensation of the Chief Executive Officer,
- reviewing succession planning for the Chief Executive Officer and other executive officers, including succession in the event of an emergency, and
- evaluating the performance and approving the compensation of executive and other officers of the Company.

Corporate Governance Oversight

The Nominating and Corporate Governance Committee is responsible for the development and oversight of our corporate governance policies and practices. The Committee meets at least once per year and reports its actions and activities to the Board. As part of its responsibilities, the Committee conducts an annual review of our corporate governance guidelines and recommends to the Board any revisions that the Committee feels are warranted in light of the continuing business of the Company.

Selection and Composition of Board of Directors

Size of the Board

The Board believes that its size should range from five to six directors in order to maintain the requisite expertise and independence. The exact number of directors is determined from time to time by resolution of the Board. We periodically review the size and composition of the Board in light of our evolving business needs.

Board Membership Criteria and Selection

The Board believes that our directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders. In addition, it is the policy of the Board that the composition of the Board shall at all times adhere to the standards of independence promulgated by the NASDAQ Stock Market LLC ("NASDAQ").

The Nominating and Governance Committee (the "Committee") of the Company believes that members of the Company's Board of Directors (the Board") must possess certain basic personal and professional qualities in order to properly discharge their fiduciary duties to shareholders, provide effective oversight of the management of the Company and monitor the Company's adherence to principles of sound corporate governance. It is therefore the policy of the Committee that all persons nominated to serve as a director of the Company should possess the minimum qualifications described below. These are only threshold criteria, however, and the Committee will also consider the contributions that a candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances. These criteria may be modified by the Committee from time to time.

- Integrity and Ethical Values. Candidates should possess the highest personal and professional standards of integrity and ethical values.
- Commitment. Candidates must be committed to promoting and enhancing the long term value of the Company for its shareholders.
- Absence of Conflicts of Interest. Candidates should not have any interests that would materially impair his or her ability to (i) exercise independent judgment, or (ii) otherwise discharge the fiduciary duties owed as a director to the Company and its shareholders.
- Fair and Equal Representation. Candidates must be able to represent fairly and equally all shareholders of the Company without favoring or advancing any particular shareholder or other constituency of the Company.
- Achievement. Candidates must have demonstrated achievement in one or more fields of business, professional, governmental, community, scientific or educational endeavor, and possess mature and objective business judgment and expertise.
- Oversight. Candidates are expected to have sound judgment, derived from management or policy-making experience (which may be as an advisor or consultant), that demonstrates an ability to function effectively in an oversight role.
- Diversity. The Committee will consider issues of diversity among its members in identifying and considering nominees for director, and will strive where appropriate to achieve a diverse balance of backgrounds, perspectives, experience, age, gender, ethnicity and country of citizenship on the Board and its committees. The Board is also intended to encompass a range of talents, skills and expertise sufficient to provide sound and prudent guidance with respect to the operations and interests of the Company.
- Business Understanding. Candidates must have a general appreciation regarding major issues facing public companies of a size and operational scope similar to the Company.
- Available Time. Candidates must have, and be prepared to devote, adequate time to the Board and its committees. It is expected that each candidate will be able to arrange their business and professional commitments, including service on the boards of other companies and

organizations, so that they are available to attend the meetings of the Company's Board and any committees on which they serve, as well as the Company's annual meeting of shareholders.

- Board Policies. The candidate's election must not conflict with any applicable Board policies.
- Limited Exceptions. Under exceptional and limited circumstances, the Committee may approve the candidacy of a nominee who does not satisfy all of these requirements if it believes the service of such nominee is in the best interests of the Company and its shareholders.
- Additional Qualifications. In approving candidates to be recommended for election as director, the Committee will also assure that:
 - at least a majority of the directors serving at any time on the Board are independent, and at least three of the directors satisfy the financial literacy requirements required for service on the audit committee under the rules of The NASDAQ Stock Market LLC; and
 - at least one of the directors qualifies as an audit committee financial expert under the rules of the Securities and Exchange Commission.

Director Independence

A majority of the members of our Board of Directors are and will continue to be independent directors under the rules of NASDAQ. The members of our Board of Directors are required to be in compliance at all times with our Board Conflict of Interest Policy. The Nominating and Corporate Governance Committee is responsible for monitoring and assessing compliance with these standards and policies on a regular basis.

Director Service on Other Boards

Although the Board does not have a formal policy, independent directors are encouraged to limit the number of other boards (excluding non-profit) on which they serve. In order to address any potential or perceived conflicts or other issues, the Board requests that each director advise the Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve as a director of another for-profit entity. The Chief Executive Officer is permitted to sit on the boards of only two other public or private companies.

Director Term Limits

The Board of Directors does not believe it should establish term limits. We believe that term limits could be a disadvantage and cause us to lose the contribution of directors who over time have developed increasing insight into the Company and its operations.

Board Compensation and Performance

Board Compensation Policy

As compensation for their service on our Board, our non-management directors currently receive an annual cash retainer, grants of ARIAD common stock, stock units or stock options. The Compensation Committee has the responsibility for reviewing the form and amount of compensation each year. In addition, the Company has implemented minimum stock ownership guidelines for the members of our Board of Directors, calculated as a multiple of the cash retainer for non-management directors or base salary for our management director, to be achieved over a five year period from the time they first become subject to the guideline. We believe the adoption of such guidelines further aligns the interests of our Board of Directors with those of our shareholders. The Committee periodically reviews Board compensation relative to that of peer companies based on survey information provided to it by management and/or an outside compensation consultant. Any proposed changes in director compensation are presented by the Compensation Committee to the entire Board and approved after discussion by the Board.

An employee of the Company serving as a member of the Board receives no additional compensation for his or her service as a director.

Evaluation of Board Performance

The Nominating and Corporate Governance Committee is responsible for the annual evaluation of the performance of the Board and each of its committees based on the assessment of each director. The purpose of the evaluation is to increase the effectiveness of the Board and its committees. The Committee reports the results of the evaluation to the entire Board for discussion and appropriate actions. The report includes an evaluation of, among other things, (i) the composition and independence of the Board, (ii) the composition, independence and qualifications of the members of the committees of the Board, and (iii) the effectiveness of the processes and operations of the Board and its committees.

Meetings of the Board of Directors

Frequency of Board Meetings

The Board has at least four meetings each year, one per quarter, and additional meetings from time to time as deemed necessary for the business.

Selection of Agenda Items for Board Meetings

The Chairman of the Board establishes the agenda for each Board meeting, reviews all potential topics and items of interest on a regular basis with the lead director and distributes the agenda in advance of meetings to the directors. Each director is encouraged to recommend the inclusion of items on an agenda, to raise subjects that are not on the agenda for that meeting, or to request the presence of, or a report by, any member of executive management.

Lead Director

As long as the Chief Executive Officer is also Chairman of the Board, the Board shall appoint one of the independent directors to serve in the role of lead director. The position of lead director will be held by an independent director who has served as a director of the Company for at least one year prior to his or her appointment. The lead director will have the duties set forth in these corporate governance guidelines and will serve as liaison between the Chairman of the Board and the independent Directors. The lead director will preside over all Board meetings where the Chairman of the Board is not present. His or her role is to support the ability of the independent directors to perform their responsibilities as independent directors. As such, he or she is responsible for oversight of those processes of the Board which independent directors are required to perform. In addition, he or she presides at meetings of the non-management directors. The lead director also meets and consults regularly with the Chairman of the Board.

Board Material and Presentations

Information and data that are important to the understanding of the business and matters to be considered at the Board meeting are distributed in writing and in advance to all directors. As a general rule, materials on specific subjects are sent to the directors sufficiently in advance so that they will be prepared to discuss issues they may have about the material at the meeting. Each director is encouraged to request distribution of materials concerning the matters to be discussed that will assist with preparation by the directors for upcoming Board meetings.

The Board encourages management to schedule officers to present at Board meetings who (i) can provide additional insight into the specific matters being discussed because of personal involvement in these areas or (ii) have future potential that management believes should be given exposure to the Board.

Participation in Board Meetings

We expect our directors to rigorously prepare for, attend and actively participate in all Board and applicable committee meetings. The Board recognizes that conflicts arise from time to time that may prevent a director from attending or participating in a Board or committee meeting. However the Board expects that each director will make every possible effort to keep such absences to a minimum.

Attendance at Annual Stockholder Meeting

It is expected that our directors will attend our annual meeting of stockholders.

Access to Senior Management and Independent Advisors

Each director is encouraged to keep himself or herself informed of the affairs of the Company between Board meetings through direct contact with senior officers, and each director has direct access to any such officer. The Board and its committees have the right at any time to retain independent outside financial, legal or other advisors in connection with carrying out its duties and responsibilities.

Directors Who Change Their Present Job Responsibilities / CEO Resignation

It is the sense of the Board of Directors that Directors who retire or otherwise change from the principal occupation or background association they held when they were originally invited to join our Board of Directors should tender their resignation from the Board. In addition, when the Chief Executive Officer resigns or is removed from that position, he should tender his resignation from the Board. Whether a Director tendering his resignation continues to serve on the Board of Directors is a matter for discussion between the Board of Directors, through the Governance Committee, the individual Director, and the then present Chief Executive Officer. The Board of Directors also believes that each outside Director should advise the Governance Committee in advance of accepting an invitation to serve as a member on another public company board of directors.

Interaction with Institutional Investors, Press, Customers, Etc.

The Board of Directors believes that management speaks for the Company. Our individual non-management Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that these members would do this with the knowledge of management and, in most instances, at the request of management. Notwithstanding the above, the Lead Director is expected to be available for consultation and direct communication upon the request of major shareholders of the Company and with the knowledge of management.

Leadership Development

Succession Planning

The Chief Executive Officer reviews succession planning for senior management positions with the Compensation Committee on an annual basis. The Governance Committee is responsible for the development of policies and principles for succession planning for the Chief Executive Officer, including succession in the event of an emergency.

Meetings of the Non-management Directors

The non-management members of the Board meet separately in executive session at least twice a year. These directors shall not take any formal actions at these meetings, although they may subsequently recommend matters for full consideration by the Board. The lead director will preside over meetings of the non-management directors.

Committees of the Board of Directors

Number of Committees

Our Board establishes committees from time to time to facilitate and assist in the execution of its responsibilities. These committees shall generally address issues that, because of their complexity and technical nature, level of detail and time requirements or because of proper corporate governance principles cannot be adequately addressed at larger Board meetings.

We currently have four standing committees, namely the Executive Committee, the Compensation Committee, the Audit Committee, and the Nominating and Corporate Governance Committee. There will, from time to time, be occasions

on which the Board may want to form a new committee or disband a current committee depending upon the circumstances. We comply with all requirements of NASDAQ, federal securities laws, and the rules and regulations of the Securities and Exchange Commission relating to the constitution of key committees, including requirements relating to the independence of committee members. Accordingly, only independent directors serve on the Compensation, Audit and Nominating and Corporate Governance Committees.

The Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee have written charters that are reviewed annually by those committees. These charters are publicly available on our web site for review by our stockholders.

Assignment and Term of Service of Committee Members

The Board is responsible for the appointment of committee members and committee chairmen, taking into account the skills and backgrounds of individual members, the recommendations of the Nominating and Corporate Governance Committee and the recommendations of the Chairman of the Board. In making such appointments, the Board of Directors shall consider the rotation of committee membership and chairmanship at appropriate intervals, although the Board does not believe that rotation should be mandated as a policy.

Frequency and Length of Committee Meetings and Committee Agenda

The committee chairman, in consultation with the other committee members, will determine the frequency and length of committee meetings and, in consultation with the Chairman of the Board and appropriate members of senior management, develop the agenda for committee meetings. Any director who is not a member of a particular committee may attend any committee meetings with the concurrence of the committee chairman.

Board Orientation and Continuing Education

We provide orientation to each director of the Company upon his or her appointment. The orientation program includes background material on the Company and its business and meetings with management. The program is administered by the General Counsel and the Chief Financial Officer.

The Company provides continuing education to directors through presentation on various aspects of the Company's business, regular operational, scientific, and financial updates, periodic news articles regarding the Company and industry, regulatory or legislative developments. Our directors are also encouraged to

avail themselves of outside training and publications that will assist them in fulfilling their duties as directors.