ARIAD Pharmaceuticals, Inc.

Audit Committee Charter

Effective April 28, 2011

I. Purpose

The Audit Committee shall provide assistance to the Board of Directors of the Corporation (the "Board") in fulfilling the Board's responsibility to shareholders relating to the Corporation's accounting and reporting practices, its system of internal controls, the audit process and the quality and integrity of the Corporation's financial reports.

The Audit Committee's responsibility is oversight. Management of the Corporation has the responsibility for the Corporation's financial statements as well as the Corporation's financial reporting processes, accounting principles, and system of internal control. The independent registered public accounting firm is responsible for (1) performing an audit of the Corporation's annual financial statements and expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles, (2) performing an audit of the Corporation's system of internal control over financial reporting and expressing an opinion on the effectiveness thereof based on its audit, (3) reviewing the Corporation's quarterly financial statements, and (4) other procedures that may be performed.

The Audit Committee shall discharge its responsibilities, and shall assess the information provided by the Corporation's management and the independent registered public accounting firm, in accordance with its business judgment. Each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons within the Corporation and of the professionals and experts (such as the independent registered public accounting firm) from which it receives information, (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons, professionals or experts absent actual knowledge to the contrary and (iii) representations made by management of the independent registered public accounting firm as to any non-audit services provided by the independent registered public accounting firm to the Corporation.

The Audit Committee's primary duties and responsibilities are to:

- Oversee that management has maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Corporation;

- Oversee that management has established and maintained processes to ensure that an adequate system of internal control is functioning within the Corporation;

- Oversee that management has established and maintained processes to ensure compliance by the Corporation with legal and regulatory requirements that may impact its financial reporting and disclosure obligations;

- Review the independent registered public accounting firm's qualifications and independence;

- Appoint, compensate and oversee the work of the independent registered public accounting firm employed by the Corporation;

- Pre-approve all audit and non-audit services performed by the independent registered public accounting firm employed by the Corporation; and

- Prepare a report of the Audit Committee for inclusion in the proxy statement for the Corporation's annual meeting of shareholders.

The Audit Committee intends to fulfill these responsibilities primarily by carrying out the activities enumerated in Section IV of this Charter.

II. Composition

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be, at all times serving on the Audit Committee, independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. Audit Committee members shall at all times meet the "independence" and "expertise" requirements of the NASDAQ Stock Market LLC ("NASDAQ"), the Securities and Exchange Commission ("SEC") and all other applicable rules and regulations. All members of the Audit Committee shall be familiar with and understand basic finance and accounting practices and fundamental financial

statements, and at least one member of the Audit Committee shall be a "financial expert" as defined by SEC rules and the NASDAQ listing requirements.

Audit Committee members shall be elected annually by the Board and shall hold office until their resignations or until their successors shall be duly elected and qualified. Audit Committee members may be replaced by the Board at any time and shall be replaced if such members are no longer independent. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership. The Chair shall: (a) chair all meetings of the Audit Committee; and (b) perform such other activities under the auspices of the Audit Committee's responsibilities as are requested by the Board from time to time.

III. Meetings

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate, with further meetings to occur, or actions to be taken by unanimous written consent, as deemed necessary or desirable by the Committee or the Chair. As part of its job to foster open communication, the Audit Committee shall meet at least annually with management and the independent registered public accounting firm separately to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately. In addition, the Audit Committee shall meet with the independent registered public accounting firm and management quarterly to review the Corporation's financial statements and disclosures in accordance with Sections IV.2 and IV.3 below. The Committee is governed by the same rules regarding meetings (including meetings by conference telephone), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee may invite such persons (including members of management of the Corporation) to its meetings as it may deem appropriate. The Committee shall report regularly to the Board summarizing the Committee's actions and any significant issues considered by the Committee.

IV. Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit Committee shall:

<u>Review of Documents/Reports</u>

1. Review and reassess, at least annually, the adequacy of this Charter and make recommendations to the Board, as conditions dictate, to update this Charter.

2. Review with management and the independent registered public accounting firm the Corporation's annual financial statements and the results of the annual audit thereof to be included in Form 10-K, and the Corporation's disclosures in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") section, prior to the filing of the Form 10-K or prior to the release of earnings, and discuss with the independent registered public accounting firm the matters required to be discussed by the Public Company Accounting Oversight Board ("PCAOB") pursuant to its auditing standard AU380, *Communication with Audit Committees,* and SEC Regulation S-X Rule 2-07, *Communication with Audit Committees*.

3. Review with management and the independent registered public accounting firm the Corporation's quarterly financial statements to be included in Form 10-Q, including the Corporation's disclosures in the MD&A section, prior to its filing or prior to the release of earnings, and discuss with the independent registered public accounting firm the matters required to be discussed by PCAOB standards and SEC Regulation S-X, as noted above. The Chair of the Audit Committee may represent the entire Audit Committee for purposes of this review.

4. Review with each of management and the independent registered public accounting firm any significant judgments made in management's preparation of the financial statements, critical accounting policies used by the Corporation, any alternative accounting treatments discussed and any other material written communications between the independent registered public accounting firm and management.

5. Review with management and the independent registered public accounting firm any significant difficulties encountered during the course of the review or audit, including any restrictions on the scope of work or access to required information, and any significant disagreement among management and the independent registered public accounting firm in connection with the preparation of the financial statements.

6. Review and discuss the financial earnings press releases, as appropriate, prior to their issuance, as well as financial information and guidance, as appropriate, provided to analysts and rating agencies if so provided.

<u>Independent Registered Public Accounting Firm</u>

7. Review the performance and make a determination regarding the selection or replacement of the independent registered public accounting firm. The

Audit Committee shall have the sole authority and responsibility on behalf of the Corporation to select, evaluate, and where appropriate, replace the independent registered public accounting firm, as well as approve all audit engagement fees and terms. The independent registered public accounting firm is ultimately accountable to the Audit Committee and the entire Board for such firm's review of the financial statements and controls of the Corporation.

8. Review independence of the independent registered public accounting firm by:

   - receiving from, and reviewing and discussing with, the independent registered public accounting firm, on a periodic basis, a formal written statement delineating all relationships between the firm and the Corporation consistent with PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence;*

   - reviewing, and discussing with the Board, if necessary, and the independent registered public accounting firm, on a periodic basis, any disclosed relationships or services between the firm and the Corporation or any other disclosed relationships or services that may impact the objectivity and independence of the firm; and

   - recommending, if necessary, that the Board take appropriate action to satisfy itself of the independence of the independent registered public accounting firm.

9. Ensure audit partner rotation requirements are adhered to.

10. Approve, in advance, all audit and permissible non-audit related services to be provided by the independent registered public accounting firm; and approve, after the fact, certain *de minimus* services for which pre-approval is not required by SEC rules or the NASDAQ listing standards.

11. At least annually, obtain and review a report from the independent registered public accounting firm describing the firm's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, relating to independent audits carried out by the firm, and any steps taken to deal with any such issues.

System of Internal Controls over Financial Reporting

12. Review with management and the independent registered public accounting firm the programs in place to evaluate the adequacy and effectiveness of the Corporation's system of internal control over financial reporting. Review the results of testing of the system during the period, the identification of any significant deficiencies or material weaknesses in internal controls over financial reporting, the plans to remediate such weaknesses and the status of remediation activities. Also review any fraud that involves management or other employees who have a significant role in the Corporation's system of internal control over financial reporting.

13. Review with management and the independent registered public accounting firm the results of the annual audit performed by the firm of the system of internal control over financial reporting.

14. Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the independent registered public accounting firm or management.

15. Review with management and the independent registered public accounting firm the effect of regulatory and accounting initiatives that may affect the Corporation, as well as the effect of any off-balance sheet structures and transactions on the Corporation's financial statements.

Related Person Transactions

16. Review and approve related person transactions prior to the Corporation's entry into any such transactions. A related person transaction is defined as any transaction in which the Corporation or any subsidiary or affiliate of the Corporation is a participant and in which any of the following persons has or will have a direct or indirect material interest:

    - Executive officers of the Corporation;
    - Members of the Board;
    - Beneficial holders of more than 5% of the Corporation's securities;
    - Immediate family members of any of the foregoing persons; and
    - Any other persons whom the Board determines may be considered to be related persons as defined by the rules and regulations of the SEC.

    In reviewing and approving such transactions, the Audit Committee shall obtain, or shall direct management to obtain on its behalf, all information that

the Audit Committee believes to be relevant and important to a review of the transaction prior to its approval. Following receipt of the necessary information, a discussion shall be held of the relevant factors deemed to be necessary by the Audit Committee prior to approval. If a discussion is not deemed to be necessary, approval may be given by written consent of the Audit Committee. This approval authority may also be delegated to the Chair of the Audit Committee in some circumstances. No related person transaction shall be entered into prior to the completion of these procedures.

The Audit Committee or the Chair, as the case may be, shall approve only those related person transactions that are determined to be in, or not inconsistent with, the best interests of the Corporation and its stockholders, taking into account all available facts and circumstances as the Audit Committee or the Chair determines in good faith to be necessary. These facts and circumstances will typically include, but not be limited to, the benefits of the transaction to the Corporation; the impact on a Director's independence in the event the related person is a Director, an immediate family member of a Director or an entity in which a Director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms of comparable transactions that would be available to unrelated third parties or to employees generally. No member of the Audit Committee shall participate in any review, consideration or approval of any related person transaction with respect to which the member or any of his or her immediate family members is the related person.

The Audit Committee shall adopt any further policies and procedures relating to the approval of related person transactions that it deems necessary or advisable from time to time.

Notwithstanding the above, the Board of Directors of the Corporation or an independent committee of such Board may review and approve related person transactions and, if so, will follow the procedures outlined above related to such review and approval.

Legal/General

17. Review with the Corporation's counsel, any legal matter that could have a significant impact on the Corporation's financial statements or disclosures in public filings.

18. Report its activities to the Board through its Chair on a regular basis and following meetings of the Audit Committee.

19. Maintain minutes or other records of meetings and activities of the Audit Committee.

20. When deemed necessary by the members of the Audit Committee, retain outside legal, accounting or other advisors or consultants to advise and assist the Audit Committee. The Audit Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent registered public accounting firm to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

21. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters. Review the nature and substance of complaints received and ensure that such complaints are appropriately investigated and treated confidentially and anonymously.

22. Perform any other duties and responsibilities consistent with this Charter, the Corporation's by-laws, and governing law, as the Audit Committee or the Board deems necessary or appropriate.