



**IDENIX PHARMACEUTICALS, INC.**  
**AUDIT COMMITTEE CHARTER**

**Amended as of October 9, 2008**

**I. PURPOSE**

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Idenix Pharmaceuticals, Inc. (the “Company”) to:

- A. Assist the Board in its oversight of:
  - 1. the integrity of the Company’s financial statements
  - 2. the Company’s compliance with legal and regulatory requirements
  - 3. the independent auditor’s qualifications, independence and performance
  - 4. the Company’s accounting and financial reporting processes and the audits of the Company’s financial statements
- B. Prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company’s annual proxy statement

**II. STRUCTURE AND MEMBERSHIP REQUIREMENTS**

The Committee must be comprised of at least three directors. The members of the Committee shall meet the applicable requirements of the NASDAQ, the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Securities and Exchange Commission, including the rules and regulations relating to independence and financial literacy. In addition, at least one member of the Committee shall be “an audit committee financial expert” (as defined in Securities and Exchange Commission rules and regulations).

No Committee member may accept any consulting, advisory or other compensatory fee from the Company, or its subsidiaries, other than the compensation relating to the member’s service on the Committee or the Board or any other committee thereof.

The members of the Committee shall be appointed annually, upon recommendation of the Nominating and Corporate Governance Committee, by resolution passed by the majority of the Board at its first meeting following the Annual Meeting of the Stockholders and shall serve until the next Annual Meeting of Stockholders and until their successors are elected and qualified or until their earlier death, resignation, removal, with or without cause, at the discretion of the Board. Unless a Chair is elected by

the Board, the members of the Committee shall elect a Chair by majority vote of the full Committee membership.

The Committee may delegate its authority to a subcommittee or subcommittees.

The Committee shall provide an oral report to the Board of the actions taken or issues discussed at its meetings. This will generally take place at the Board meeting following the Committee meeting.

In order to fulfill the Company's contractual obligations, Novartis Pharma AG shall be entitled to designate one nonvoting observer to the Committee.

### **III. MEETINGS**

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. Committee meetings shall be called and conducted in the manner provided for in the Amended and Restated By-Laws of the Company. The Committee shall meet in executive session periodically with the Chief Financial Officer (and other members of management as it deems appropriate) and the independent auditor separately.

The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

For the transaction of business at any Committee meeting, two members shall constitute a quorum. If the Chair is not present, the senior independent director who is present shall assume the Chair.

Minutes of each meeting of the Committee will be prepared by the individual who is appointed secretary of the meeting and submitted to Committee members for approval at the next meeting.

### **IV. RESPONSIBILITIES AND DUTIES**

#### *A. General*

1. Review and assess the adequacy of this Charter on an annual basis and submit any proposed amendments to the Board for approval.
2. Review and discuss with management and the independent auditor:
  - a. the selection, application and disclosure of critical accounting policies and practices.
  - b. all alternative treatments for policies and practices related to material items within generally accepted accounting principles that have been discussed with management, the ramifications of using such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
  - c. the effects on the Company's financial statements of regulatory and accounting initiatives.

- d. any material off-balance-sheet transactions, arrangements, obligations including contingent obligations, and any other relationships of the Company with unconsolidated entities that may have a current or future material effect on the Company's financial statements.
  - e. any pro-forma or non-GAAP information proposed to be included in the Company's financial statements or any other public disclosure, and the reasons for such pro forma or non-GAAP information.
  - f. the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its SEC filings.
  - g. the presentation of the financial statements and significant judgments made in connection with the preparation of such financial statements.
3. Review and discuss with management the Company's system of internal controls and policies relating to the assessment of risk. Discuss with the independent auditors any significant matters regarding internal controls over financial reporting that have come to their attention during the conduct of their audit.
  4. Recommend to the Board whether or not the audited, consolidated financial statements should be included in the Company's Annual Report filed with the SEC on Form 10-K.
  5. Review and discuss the earnings press release, SEC Forms 10-K and 10-Q, as well as financial projections and earnings guidance (if any) given to analysts and rating agencies.
  6. Discuss policies with respect to risk assessment, risk management, the Company's major financial and operational risk exposures and the steps that management has taken to monitor and control such exposures, including a review of the Company's insurance program.
  7. Review and approve the Company's investment policy and review the deployment and security of the Company's liquid assets.
  8. Obtain reports from management that the Company and its subsidiaries are in conformity with applicable legal and regulatory requirements, the Foreign Corrupt Practices Act and the Company's Business Conduct Policy. Review reports and disclosures of insider transactions and any conflicts of interest.
  9. The Committee shall review the Company's policies and procedures for reviewing and approving or ratifying "related person transactions" (defined as transactions required to be disclosed pursuant to Item 404 of Regulation S-K), including the Company's Related Person Transaction Policy, and recommend any changes to the Board.

10. The Committee shall review and approve all “related party transactions” (defined as transactions required to be disclosed pursuant to Item 404 of Regulation S-K) between the Company and Novartis Pharma AG (or its affiliates). All other related person transactions shall be reviewed for potential conflict of interest situations on an ongoing basis in accordance with the Company’s Related Person Transaction Policy, and all such transactions shall be approved or ratified by the Audit Committee.
11. Advise the Board with respect to the Company’s policies and procedures regarding compliance with applicable laws and regulations relating to financial accounting and financial reporting matters and with the Company’s Business Conduct Policy.
12. Review with the Company’s General Counsel: (a) any significant issues concerning litigation and contingencies and regulatory actions that could have a significant impact on the Company’s financial statements; and (b) the effectiveness of the Company’s compliance program in detecting and preventing violations of the Company’s Business Conduct Policy.
13. Review and approve the procedures established for the receipt, retention, and treatment on a confidential basis of complaints received by the Company, including the Committee and the Board, regarding accounting, internal controls, or auditing matters and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.
14. Perform any other activities consistent with this Charter, the Company’s Amended and Restated By-Laws and Restated Certificate of Incorporation, as amended, as the Committee or the Board deems necessary or appropriate.

B. *Independent Auditor*

1. The Committee shall have the sole authority to appoint or replace the independent auditor. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.
2. The Committee shall annually evaluate the qualifications, performance and independence of the independent auditor and the lead partner of the independent auditor, taking into consideration: (a) the independent auditor’s work throughout the year; (b) the disclosures of the independent auditor required by the Independence Standards Board Standard No. 1 and all relationships between the independent auditor and the Company; and (c) the views of management and report its conclusions to the Board.
3. Review and approve the audit fees and any other compensation proposed to be paid to the independent auditor in accordance with the Committee’s Pre-Approval Policy and Procedures.
4. Pre-approve the retention of the independent auditor for any auditing service or any non-audit service that is not prohibited under Section 10A(g) of the

5. Discuss with the independent auditor any relationships or services that may affect the objectivity and independence of the independent auditor as stipulated in Independence Standards Board Standard No. 1, and matters relating to the conduct of audits required to be disclosed by Statement of Auditing Standards No. 61.
6. Discuss with the independent auditor: (a) significant consultations between the audit team and the firm's national office relating to auditing or accounting issues on matters that otherwise are required to be disclosed to the Committee; (b) the "management letter" issued or proposed to be issued by the independent auditor to the Company and any other material written communications between the independent auditor and management; and (c) any issues identified or problems encountered by the independent auditor with management's response to such communications or letter.
7. Resolve any disagreements between management and the independent auditor.
8. Review the annual audit plan of the independent auditor.
9. Ensure the rotation of the audit partners every five years, as required by applicable regulatory requirements.
10. Review and approve the proposed hiring of former employees of the independent auditor.

C. *Financial Reporting Process*

1. Review with management and the independent auditor any correspondence with regulators or government agencies and any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.
2. Review any significant difficulties reported by the independent auditor in conducting the audit, including any restrictions on the scope of work or access to required information.
3. Review any significant changes to the Company's internal controls or in other factors that could significantly affect these controls.
4. Review the reports of the CEO and CFO (in connection with their required certifications) regarding the internal controls and the independent auditor's attestation of the reports prior to the filing of the Company's Form 10-K, any significant deficiencies or material weaknesses in the design or operation of internal controls, and any fraud that involves the management or other employees who have a significant role in the Company's internal controls.

5. Review any significant issues identified regarding the adequacy of the Company's internal controls and any special audit steps adopted in light of control deficiencies.

D. *Regulatory Compliance Matters*

1. Oversee the Company's compliance programs and monitor its performance by periodically reviewing significant compliance risk areas related to the Company's business and the steps management has taken to monitor, control and report such compliance risk exposures.
2. Assess the adequacy of the process and procedures for management's monitoring of compliance auditing and controls and recommend such actions, measures or other steps the Committee deems appropriate to improve the Company's compliance programs.
3. Periodically review with management and, if appropriate, outside counsel, substantive legal and regulatory developments that may affect the Company's operations and the pharmaceutical/biotechnology industry/segment as a whole.
4. At least annually review a compliance report prepared by management and review the results of compliance audits, if any, conducted by management.
5. Company senior management shall promptly notify and review with the Committee significant communications from regulatory authorities pertaining to its business activities.

**V. ADVISORS AND AUTHORITY**

- A. The Committee shall have the authority, at the expense of the Company, to retain such accounting, legal and other advisors as it deems appropriate without Board or management approval.
- B. The Committee will receive from the Company appropriate funding, as determined by the Committee, for the payment of: (a) any advisors employed by the Committee, as described above; or (b) ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its duties.

**VI. PERFORMANCE EVALUATION**

- A. Not less frequently than once a year, the Committee shall review and evaluate its performance.

*While the Committee has the responsibility and powers set forth in the Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management.*

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