



EURAND N.V.

CORPORATE GOVERNANCE GUIDELINES

AS OF MARCH 7, 2007

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The Board of Directors (the “Board”) of Eurand N.V. (the “Company”) has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its responsibilities and to serve the interests of the Company, its subsidiaries and its shareholders. The Board sets high standards for the Company’s employees, officers and directors. Implicit in this philosophy is the importance of sound corporate governance. These Guidelines should be interpreted in the context of all applicable laws and the Company’s Amended and Restated Articles of Association (the “Articles”) and other corporate governance documents. The following principles have been approved by the Board and, together with applicable laws and regulations, the Articles, Rules for the Board of Directors (the “Board Rules”), Code of Business Conduct and Ethics (the “Code of Ethics”) and the charters of the various committees of the Board, provide the framework for the governance of the Company. These Guidelines acknowledge the leadership exercised by the Board’s standing committees and their chairs and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate in the best interests of the Company or as required by applicable laws and regulations.

DIRECTOR RESPONSIBILITIES

The business and affairs of the Company will be managed by or under the direction of the Board, including through one or more of its committees as set forth in the Articles and committee charters. Each director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. These include:

- (1) overseeing the conduct of the Company's business, to evaluate whether the business is being properly managed;
- (2) reviewing and, where appropriate, approving the Company's major financial objectives, plans and actions;
- (3) reviewing and, where appropriate, approving major changes in, and determinations of other major issues respecting, the appropriate auditing and accounting principles and practices to be used in the preparation of the Company's financial statements;
- (4) reviewing and, where appropriate, approving major changes in, and determinations under the Guidelines, Code of Ethics and other Company policies;

- (5) reviewing and, where appropriate, approving actions to be undertaken by the Company that would result in a material change in the financial structure or control of the Company, the acquisition or disposition of any businesses or asset(s) material to the Company or the entry of the Company into any major new line of business;
- (6) regularly reviewing and evaluating the performance of the Chief Executive Officer and other members of senior management based on reports from the Compensation Committee;
- (7) providing advice and counsel to the Chief Executive Officer and principal senior executives;
- (8) planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for other key executives;
- (9) ensuring that the Company's business is conducted with the highest standards of ethical conduct and in conformity with applicable laws and regulations; and
- (10) performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulations.

Further responsibilities of each of the directors are described in the Board Rules.

THE BOARD

A. *Size of the Board*

The Articles provide that the number of directors will be fixed from time to time by resolution of a majority of the Board, but in no event will be less than three. The Board will periodically review the size of the Board, and determine the size that is most effective in relation to future operations. The majority of the members shall be non-executive directors.

B. *Independence of the Board*

Subject to the phase-in period applicable to newly listed companies and if and when the Company is not relying on the "controlled company" exception, a majority of the members of the Board must be independent directors, as such term is defined by the listing requirements of the Nasdaq Global Market ("Nasdaq") and the Dutch Corporate Governance Code (the "Code"). No director shall qualify as "independent" unless the affirmative vote of a majority of the Board determines that the director satisfies the requirements for independence in accordance with the listing requirements of Nasdaq and the Code.

In applying these standards, the Board as a whole shall consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director

has an affiliation. Material relationships can include, among others, commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships.

The members of the Audit Committee shall satisfy the additional independence requirements set forth by the Securities and Exchange Commission (the “SEC”), Nasdaq and the Code.

C. *Separate Sessions of Non-Executive Directors and Independent Directors*

From time to time during each year, the non-executive directors will meet in executive session without executive directors or management present. The name of the chair of such meetings will be published in the Company’s annual report on Form 20-F along with a means for shareholders to communicate with the non-executive directors. The non-executive directors will review the Company’s implementation of and compliance with the Guidelines and consider such matters as they may deem appropriate at such meetings. Formal deliberations or decisions concerning the business and affairs of the Company will occur only during regular or special meetings of the Board, and not at separate sessions.

“Non-executive directors” are all directors appointed by the general meeting of the shareholders as non-executive directors and who are not officers (as that term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934), including such directors who are not independent by virtue of a material relationship, former status or family membership, or for any other reason.

In addition, from time to time during each year, if the non-executive directors include directors who are not also independent directors, the independent directors shall also meet in executive session.

D. *Director Qualification Standards*

The Nominating and Corporate Governance Committee (the “Nominating Committee”) is responsible for reviewing with the Board, on an annual basis, the appropriate characteristics, skills and experience required for the Board as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current Board members), the Nominating Committee, in recommending candidates for appointment by the general meeting of shareholders, and the Board, in approving the recommendation of such candidates, take into account many factors, including ability to make independent analytical inquiries, general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today’s business environment, experience in the Company’s industry and with relevant social policy concerns, understanding of the Company’s business on a technical level, other board service and educational and professional background. Each candidate nominee must also possess fundamental qualities of intelligence, honesty, good judgment, high ethics and standards of integrity, fairness and responsibility. The Board evaluates each individual in the context of the Board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent shareholder interests through the exercise of sound judgment using its diversity of experience in these various areas. In determining whether to recommend a director for re-election, the Nominating Committee also considers the director’s past attendance at meetings and participation in and contributions to the activities of the Board.

E. *Selection of New Directors*

Nominees for directors will be recommended by the Nominating Committee for appointment by the general meeting of shareholders, in accordance with the charter of the Nominating Committee and these Guidelines.

F. *Selection of Chairman of the Board*

The Board will select the chairman of the Board (the “Chairman”).

G. *Other Board Service*

The Board does not believe that its members should be prohibited from serving on boards of other organizations. However, non-executive directors shall limit their membership of supervisory boards or their membership as non-executive directors of one-tier boards of Dutch listed companies to such an extent that the proper performance of their duties are assured. The maximum number is five, for which purpose the chairmanship of a supervisory board or a one-tier board counts double. The Nominating Committee and the Board will take into account the nature of and time involved in a director’s service on other boards and/or committees in evaluating the suitability of individual director candidates and current directors and making its recommendations to the Company’s shareholders.

Due to the demanding nature of service on the Audit Committee, the members of the Audit Committee may not serve on the audit committees of the boards of directors of more than two other companies at the same time as they are serving on the Audit Committee, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee and such determination is disclosed in the Company’s annual report.

Service on other boards and/or committees should be consistent with the Company’s conflict of interest policies set forth below.

H. *Directors Who Resign their Current Positions with the Company*

When a director, including any director who is currently an officer or employee of the Company, resigns or materially changes his or her position with the Company, such director should submit his or her resignation to the Board, which the Board may accept or reject based on the recommendation of the Nominating Committee.

I. *Term Limits*

In accordance with the Code, a director is appointed for a maximum period of four years. An executive director may be reappointed for consecutive terms of not more than four years at a time. A non-executive director may at maximum be reappointed for two consecutive four-year terms.

J. *Retirement*

It is the general policy of the Company that no director may stand for election to the Board after his or her 75th birthday. The Board may, however, make exceptions to this standard, based on the recommendation of the Nominating Committee, as it deems appropriate in the interests of the Company's shareholders.

K. *Compensation*

The Company's employee directors shall not receive additional compensation for their service as directors.

The form and amount of non-employee director compensation will be determined by the Compensation Committee of the Board (the "Compensation Committee") in accordance with the policies and principles set forth in its charter, and the Compensation Committee will conduct a periodic review of director compensation. Notwithstanding the foregoing, compensation of directors shall be approved by shareholders pursuant to the Code.

In order to maintain independence, members of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board or any other Board committee, directly or indirectly receive fees or other compensation from the Company for services as a consultant, legal advisor or financial advisor, regardless of the amount. Due to the Audit Committee's time commitment and responsibilities, Audit Committee members may receive reasonable fees and compensation that are greater than those paid to members of other Board committees.

L. *Share Ownership*

The Company believes that senior executives should be shareholders and have a financial stake in the Company. The Board may from time to time, in accordance with Dutch law and the Code, determine appropriate levels of ownership for the Chief Executive Officer, functional and business unit leaders and other senior executives at or above the level of Executive Vice President.

M. *Conflicts of Interest*

Directors are expected to avoid any action, position or interest that conflicts with the interests of the Company or gives the appearance of a conflict. If an actual or potential conflict of interest develops, the director should immediately report the matter as set forth in the Board Rules and shall provide all relevant information, including information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. Whether a conflict of interest exists shall be determined as set forth in the Board Rules. A director shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which the director has a conflict of interest with the Company. All transactions in which there are conflicts of interest with directors shall be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest require the approval of the Audit Committee. Such

transactions shall be published in the annual report, together with a statement of the conflict of interest and a declaration that provisions of the Code concerning conflicts of interest have been complied with.

BOARD ORIENTATION AND CONTINUING EDUCATION OF BOARD MEMBERS

The Company provides new directors with a director orientation program to familiarize them with, among other things, the Company's business, strategic plans, significant financial, accounting and management issues, compliance programs, conflicts policies, Code of Ethics, Guidelines, principal officers, internal auditors and independent auditors.

The Company will make available to directors continuing education programs, and each director is expected to participate in such programs, as management or the Board determines desirable.

BOARD INTERACTION AND ACCESS

A. *Interaction with Institutional Investors, the Press and Customers*

The Board believes that management speaks for the Company. Each director should refer all inquiries from institutional investors, the press or customers to management. Individual Board members may, from time to time at the request of the management, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman or a director authorized by the Company.

B. *Board Access to Senior Management*

The Board will have complete access to Company management in order to ensure that directors can ask any questions and receive all information necessary to perform their duties. Management should comply promptly and fully with such requests from directors, and directors should exercise judgment to ensure that their contact with management does not distract managers from their jobs or disturb the business operations of the Company. Such contact, if in writing, should be copied to the Chief Executive Officer of the Company.

C. *Board Access to Independent Advisors*

The Board committees may hire independent advisors as set forth in their applicable charters. The Board as a whole shall have access to such advisors and such other independent advisors that the Company retains or that the Board considers necessary to discharge its responsibilities.

BOARD CONDUCT

A. *Code of Business Conduct and Ethics*

The Board expects all directors, as well as officers and employees, to act ethically at all times and to adhere to the Company's Code of Ethics.

B. *Annual Self-Evaluation*

Following the end of each fiscal year, the Nominating Committee will oversee an annual assessment by the Board of the Board's performance in accordance with its charter. The Nominating Committee will be responsible for establishing the evaluation criteria and implementing the process for such evaluation, as well as considering other corporate governance principles that may, from time to time, merit consideration by the Board.

The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the governance of the Company, as well as a review of the committee structure and an assessment of the Board's compliance with the principles set forth in these Guidelines. The purpose of the review will be to improve the performance of the Board as a unit, and not to target the performance of any individual Board member. The Nominating Committee will utilize the results of the Board evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board.

BOARD MEETINGS

Board meetings shall be governed by the Board Rules, in addition to the following:

A. *Frequency of Meetings*

The Board will meet at least four times annually. In addition, special meetings may be called from time to time as determined by the needs of the Company. It is the responsibility of the directors to attend meetings.

B. *Director Attendance*

A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to regularly prepare for and attend meetings of the Board and all committees on which the director sits (including separate meetings of non-executive directors and the independent directors), with the understanding that, on occasion, a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman or the chairperson of the appropriate committee in advance of such meeting, and, whenever possible, participate in such meeting via teleconference.

C. *Attendance of Non-Directors*

The Board encourages the Chairman or chairperson of any committee to bring Company management and outside advisors or consultants from time to time into Board and/or committee meetings to (i) provide insight into items being discussed by the Board that involve the manager, advisor or consultant, (ii) make presentations to the Board on matters that involve the manager, advisor or consultant, and (iii) bring managers with high potential into contact with the Board. Attendance of non-directors at Board meetings is at the discretion of the Board.

D. *Agendas*

The Chairman establishes the agenda for each Board meeting with input from the management and, as necessary or desired, from the other directors.

E. *Advance Receipt of Meeting Materials*

Information regarding the topics to be considered at a meeting is essential to the Board's understanding of the business and the preparation of the directors for a productive meeting. To the extent feasible, the meeting agenda and any written materials relating to each Board meeting will be distributed to the directors sufficiently in advance of each meeting to allow for meaningful review of such agenda and materials by the directors. Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting.

BOARD COMMITTEES

The Board will maintain an Audit Committee, Compensation Committee, Nominating Committee and such other committees as it determines appropriate from time to time.

The Audit Committee, Compensation Committee and Nominating Committee shall have written charters. These charters will address each committee's purpose, duties, goals and responsibilities as well as qualifications for committee membership, committee structure and operations, and reporting to the Board.

Based on the recommendations of the Nominating Committee, the Board appoints committee members and committee chairs according to criteria set forth in the applicable committee charter and such other criteria that the Board determines to be appropriate in light of the responsibilities of each committee and the best practice provisions of the Code. Committee membership and the position of committee chair will not be rotated on a mandatory basis unless the Board determines that rotation is in the best interest of the Company.

The chairperson of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The chairperson of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda.

The Board and each committee shall have the power to engage independent legal, financial or other advisors as it may deem necessary, without consulting or obtaining the approval of the Board or Company management in advance.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

LEADERSHIP DEVELOPMENT

A. *Annual Review of Chief Executive Officer*

The Compensation Committee, with input from the Chief Executive Officer, shall annually establish the performance criteria (including both long-term and short-term goals) to be considered in connection with the Chief Executive Officer's next annual performance evaluation. At the end of each year, the Chief Executive Officer shall make a presentation or furnish a written report to the Compensation Committee indicating his or her progress against such established performance criteria. Thereafter, with the Chief Executive Officer absent, the Compensation Committee shall meet to review the Chief Executive Officer's performance. The results of the review and evaluation shall be communicated to the Chief Executive Officer by the chairperson of the Compensation Committee.

B. *Succession Planning*

The Board and the Nominating Committee shall undertake appropriate succession planning for the Chief Executive Officer, including policies and principles for selection and performance review for the Chief Executive Officer, as well as policies regarding succession in case of emergency or the retirement of the Chief Executive Officer.

C. *Management Development*

The Board will determine that a satisfactory system is in effect for the education, development and orderly succession of senior and mid-level managers throughout the Company.

A copy of these Guidelines, as well as the charters of the Audit Committee, Compensation Committee and Nominating Committee, will be made available on the Company's website at www.eurand.com. Copies of the foregoing documents are also available in print to any shareholder who otherwise requests a copy. Shareholders may request such information by writing to: Eurand N.V., Attention: Secretary, Olympic Plaza, Fred. Roeskestraat 123, 1076 EE Amsterdam, The Netherlands. The Company's Annual Report on Form 20-F will state the foregoing.
