

Vertex Pharmaceuticals Incorporated

Management Development and Compensation Committee

Charter

The Management Development and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Vertex Pharmaceuticals Incorporated (the “Company”) shall have the responsibilities, authorities and duties described in this Charter.

The Committee shall be comprised of at least three members of the Board, each of whom shall be appointed, and may be removed at any time with or without cause, by the Board. All members of the Committee shall qualify as independent directors as defined in applicable Securities and Exchange Commission (“SEC”) rules and the listing standards of the Nasdaq Stock Market (“Nasdaq”) and shall satisfy the requirements for compensation committee membership under Nasdaq rules. In addition, the members of the Committee shall satisfy the requirements for “Non-Employee Directors” as defined in SEC Rule 16b-3 and “outside directors” for purposes of Section 162(m) of the Internal Revenue Code. The Board may designate one member of the Committee as the Chair.

The purpose of the Committee shall be to oversee the discharge of the Board’s responsibilities relating to (a) compensation of the Company’s executives, (b) review and approval of the Company’s benefit and equity plans, (c) planning for the succession of the Chief Executive Officer (the “CEO”) and other executive officers of the Company, and (d) such other matters as may be assigned by the Board.

In furtherance of this purpose, the Committee shall be responsible for:

1. Assessing the overall compensation programs of the Company (including, assisting the Corporate Governance and Nominating Committee in its review of compensation for service on the Board) and adopting a written statement of compensation philosophy and objectives, selecting an appropriate peer group, and periodically reviewing executive compensation in relation to that peer group;
2. Reviewing and recommending to the Board the corporate goals and objectives relating to the Company’s compensation programs for the CEO and other executive officers;
3. Evaluating the performance of the CEO and other executive officers of the Company in light of the pre-established corporate goals and objectives, and determining and approving, or recommending to the Board for determination and approval, the CEO’s and other executive officers’ compensation level based on this evaluation;

4. Making recommendations to the Board regarding the adoption of new employee incentive compensation plans and equity-based plans and administering the Company's existing incentive compensation plans and equity-based plans;
5. Producing a compensation committee report on executive compensation for inclusion in the Company's annual proxy statement in accordance with the proxy rules; and
6. Assisting the Board in developing potential internal candidates for the CEO position and overseeing the development of executive succession plans for the Company's executive officers.

The Committee shall have the authority, in its sole discretion, to retain or obtain the advice of compensation consultants, legal counsel and any other advisor, as the Committee may deem appropriate. The Committee shall have authority to determine compensation for such advisors, and the Company shall provide for appropriate funding, as determined by the Committee, for the payment of reasonable compensation to such advisors. In connection with retaining or obtaining the advice of any compensation advisor, the Committee shall (a) be directly responsible for the appointment, compensation and oversight of the advisor's work; and (b) take into consideration the applicable factors affecting independence that are specified in SEC and Nasdaq rules with respect to such advisor.

The Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Committee also may act by unanimous written consent in lieu of a meeting. The CEO may not be present during voting or deliberations of the Committee on the CEO's compensation. The Committee shall keep such records of its meetings as it deems appropriate. The Committee may form and delegate authority to one or more subcommittees comprised of at least one member of the Committee. The Committee shall make regular reports of its actions and recommendations to the Board, as it may deem appropriate.

The Committee shall conduct or participate in an annual evaluation of the Committee's performance, including confirmation that all responsibilities outlined in this Charter have been carried out, and shall present that evaluation to the Board. The Committee shall review and reassess the adequacy of this Charter on an annual basis and submit any recommended changes to the Corporate Governance and Nominating Committee for its consideration.