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.

I. Purpose

The purpose of the Committee shall be to assist the Board in its oversight of its responsibilities relating to: (a) compensation of the Company’s executive officers; (b) review and approval of the Company’s benefit and equity plans; (c) compensation of the Company’s nonemployee directors; and (d) such other duties as may be assigned by the Board.

II. Composition

The Committee shall be composed of at least three independent directors, 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 be qualified to serve on the Committee under applicable listing standards of the Nasdaq Stock Market (“Nasdaq”), applicable rules of the U.S. Securities and Exchange Commission (the “SEC”), including the requirements for “non-employee directors” as defined in SEC Rule 16b-3, and any additional requirements that the Board deems appropriate. In addition, the members of the Committee shall satisfy the requirements for “outside directors” to the extent the Board deems necessary or appropriate to administer performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code. The Board shall designate one member of the Committee as the Chair.

III. Meetings

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. Neither the CEO nor the Chair of the Board, as applicable, may be present during voting or deliberations of the Committee on his or her own compensation. The Committee shall keep such records of its meetings as it deems appropriate. The Committee shall make regular reports of its actions and recommendations to the Board, as appropriate.

IV. Duties and Responsibilities

In furtherance of this purpose, the Committee shall be responsible for:
A. Executive Compensation

1. Assessing the overall compensation programs of the Company and adopting a written statement of compensation philosophy and objectives;

2. Selecting an appropriate peer group, and reviewing executive compensation in relation to that peer group;

3. Reviewing the corporate goals and objectives relating to the Company’s compensation programs for the CEO, other executive officers, and senior leaders; evaluating the Company’s performance against such goals and objectives; and making recommendations to the Board regarding the same;

4. Reviewing the performance of the CEO and other executive officers of the Company in light of the pre-established corporate goals and objectives. Based on this review and its subsequent evaluation, the Committee shall recommend to the Board the compensation levels of the CEO and other executive officers and, together with the other independent directors, shall approve the compensation;

5. Reviewing and discussing with management the Company’s compensation discussion and analysis (the “CD&A”) and the compensation committee report (the “committee report”) to be included in the Company’s annual proxy statement or annual report on Form 10-K, and based on such review and discussion, recommending to the Board that the CD&A and committee report be so included;

6. Overseeing the Company’s submission to shareholder vote of matters relating to compensation, including advisory “say-on-pay” and “say-on-frequency” votes, and considering the results of any such vote, as the Committee deems appropriate; and

7. Recommending to the Board for approval any employment arrangement to be made with any executive officer of the Company.

8. Overseeing and recommending to the Board the adoption, amendment, administration, and termination of any recoupment policy of the Company, including any such recoupment policy that may be required by, or in addition to, the Nasdaq Stock Market listing standards from time to time.

B. Compensation and Equity Plans

1. Reviewing and administering the Company’s incentive compensation and equity-based plans, including reviewing and approving any awards to executive officers and directors consistent with the terms of such plans, and recommending that the Board amend these plans if the Committee deems appropriate; and

2. Overseeing the risks associated with the Company’s compensation plans, programs and practices.
C. Other Matters

1. Reviewing and making recommendations to the Board with respect to compensation for non-employee directors;

2. Reviewing and making recommendations to the Board with respect to stock ownership guidelines for executive officers and non-employee directors and overseeing compliance with approved stock ownership guidelines; and

3. Performing such other lawful activities and functions consistent with this Charter as delegated by the Board.

V. Delegation of Authority

The Committee may form and delegate authority to one or more subcommittees comprised of at least one member of the Committee. However, the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole. Actions taken by any subcommittee shall be presented to the full Committee at the next Committee meeting.

VI. Outside Advisors

The Committee shall have the authority, in its sole discretion, to consult with and retain legal, compensation, and other advisors, as the Committee may deem appropriate in connection with the performance of its duties and responsibilities as set forth in this Charter. In connection with retaining or obtaining the advice of any such 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 by Company policy or SEC and Nasdaq rules with respect to such advisor. The Committee shall receive appropriate funding, as determined by the Committee, from the Company for payment of reasonable compensation to any such advisors and for the payment of ordinary administrative expenses that are necessary or appropriate in carrying out the Committee’s duties.

VII. Annual Evaluation

The Committee shall conduct or participate in an annual evaluation of the Committee’s performance in coordination with the Corporate Governance and Nominating Committee and present the results of that evaluation to the Board. In addition, the Committee shall review and reassess this Charter on an annual basis and submit any recommended changes to the Corporate Governance and Nominating Committee for its consideration and potential recommendation to the full Board for approval.