

**CODE OF CONDUCT
OF
PHARMING GROUP N.V.**

April 2011

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1. Introduction

Pharming Group N.V. ('Pharming' or 'the Company') is committed to maintaining the highest standards of ethical conduct with a strong focus on the interests of society in general and its stakeholders such as employees, shareholders, patients and business partners in particular.

Pharming endeavours to carry out its business fairly and honestly, at the same time taking into account the interests of all those who may in any way be affected by its activities. A good reputation is of major importance to the Company and its stakeholders. In order to achieve success, all those persons from Pharming, as further specified in the Scope of this document, must comply with a number of behavioural standards which here have been stated in a set of general principles referred to as the Code of Conduct or 'the Code'

This Code has been designed to provide guidance on acting in accordance with the principles and standards that are expected since a high level of ethical and legal compliance is of the utmost importance for Pharming's reputation.

The Code intends to remind Pharming's Board of Supervisory Directors, Board of Management and employees of their responsibilities to all its stakeholders, both internal and external, to build on their relationships on the basis of the following core values of Pharming:

- **Innovation;**

We are passionate about what we do, and we enjoy the challenge of solving our client's problems. This takes an entrepreneurial spirit, the desire to continuously grow one's skills and knowledge, and the willingness to take reasonable risks;

- **Collaboration;**

We act with integrity, loyalty, trust, and mutual respect. We work as a team beyond organizational and geographic boundaries to achieve superior results.

- **Prudence;**

We utilize our strategic awareness and insight to minimize our exposure and maximize our opportunities. Our people consider the consequences of their actions and help our business run more efficiently and effectively.

- **Timeliness;**

We strive to our customers' needs timely and accurately. We always balance our desire for speed with diligent care to insure accuracy.

- **Passion & Drive;**

Our work is driven by a commitment to the issues and the values we believe in, which in turn drive our commitment to our clients. We combine the creativity, skills and efficiency of our business model, as further specified in the Company's Annual Report, with a strong passion for improving the health and well being of individuals and communities around the world.

The Company expects its board members and employees to carefully read this Code of Conduct in its entirety, as well as any future updates, on a regular and frequent basis. Each Pharming board member and employee has the responsibility to comply with the Code and report a violation in accordance with its reporting procedures (chapter 9 of the Code), but without any fear for repercussions.

2. Scope

In principle, compliance with this Code is mandatory for members of the Board of Supervisory Directors, members of the Board of Management and employees of Pharming including those entities in which Pharming, directly or indirectly, owns more than 50% of the voting rights or where Pharming, directly or indirectly, has the ability to control the management or business. Exceptions to this basic principle are only permitted if enforced by law, regulation or contract.

For practical purposes, the term 'employee' used herein also includes those who perform services similar to those of employees but carried out other than through a labour agreement (e.g. temporary staff, interim management positions and certain consultants). In this Code 'board members' means members of the Board of Supervisory Directors and members of the Board of Management of Pharming. The General Counsel is responsible for monitoring which external persons and entities should comply with the Code and incorporate this in the applicable contracts. Third parties that disagree with falling under the scope of this Code are entitled to appeal by issuing a written letter to the Company's Board of Management; a binding decision is taken by majority vote of a committee consisting of two members of the Board of Management and the Compliance Officer within 10 business days following receipt of the letter.

Exemptions from this scope are only permitted if specifically mentioned.

3. Compliance with applicable laws, regulations and contracts

Pharming is committed to full compliance with all laws, regulations, international guidelines and contracts applicable to the Company and expects all persons under the scope of this Code to comply with them while performing duties for Pharming.

This Code does not provide guidance on compliance with all applicable laws and regulations. Similarly, this Code does not encompass all policies applicable within the Company. To the extent that a Pharming policy or procedure conflicts with this Code, one should follow this Code. Board members and employees are also responsible for complying with requirements of contracts that Pharming has entered into with other parties.

The Company operates in a business with intense competition. Competition laws protect such free competition. In some countries, violations of competition laws constitute a criminal or economic offense, with imprisonment and the payment of fines as possible sanctions. Competition laws vary from country to country and are often complex. In general, one must avoid entering into discussions or agreements which have the intention of, or give the appearance of, unfairly restricting trade or excluding competitors from the marketplace. Involvement of legal advisers is strongly recommended before, during and after discussing matters with parties outside of Pharming and which may contradict competition laws such

as in relation to prices, pricing policies and practices, reimbursements, discounts and distribution channels of suppliers, distributors, wholesalers and other customers.

Pharming shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the company conducts its business affairs. Internal accounting and audit procedures shall fairly and accurately reflect all of the Company's business transactions and disposition of assets. All required information shall be accessible to the Company's auditors and other authorized parties and government agencies. There shall be no willful omissions of any of the Company's transactions from the books and records and no hidden bank account and funds. Any willful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of the code.

4. Fair and honest dealing

Pharming is committed to dealing fairly and honestly with customers, suppliers and other contracting parties, competitors, employees and with government officials and institutions. It is strictly prohibited to engage in unfair methods of competition and unfair, unlawful or deceptive acts and practices.

Fair and honest dealing also implies not taking unfair advantage of anyone through, direct or indirect: Bribery, manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair or unethical dealing.

No payments, gifts, loans, favours or other items of value of any kind should be offered, promised or made to (candidate) political parties or politicians. Similarly, no payments, gifts, loans, favours or other items of value of any kind should be offered, promised or made to (candidate) governmental officials or institutions when the intention is, or the appearance is given, to influence such officials or institutions in their decision-making or actions.

It is not permitted to accept bribes, payoffs or other payments in cash or any kind in return for favourable treatment and situations which give the appearance of any of the foregoing should be avoided at all times.

5. Safety, health, environment and animal welfare

Daily activities at the Company include working with all kind of materials that could harm employees and/or our environment. To create a safe working environment, Pharming has established an internal Health and Safety position. A professional dedicated staff member is working on Health and Safety policies and monitors their implementation. For more complex issues an external advice is obtained. Safety is continuously monitored and significant attention is paid to education and information. There are special operating procedures in place applicable to the Company's laboratory and a working condition policy ('arbobeleid'), which are updated on a regular basis.

Pharming's transgenic technology involves animals and thus animal safety and animal welfare are crucial. Pharming has an Animal Code of Conduct in place, which focuses on the strict regulatory control of transgenic materials and animals in regard to the environment. It

emphasizes the importance of carrying out its activities with transgenic animals in a consistent and safe manner and in conformity with the laws and regulations in force in the countries of operation. Special attention is given to the strict separation of transgenic and non-transgenic materials and animals. In addition, the Company follows strict procedures to prevent the prohibited release of transgenic animals, their semen or any other reproductive transgenic material into nature.

Pharming is largely dependent on its transgenic animals and highly values animal health and welfare. The Company has an Animal Welfare Policy which, amongst others, imposes that the Company will not develop products with unacceptable adverse effects on animal health and welfare. Pharming carefully and continuously monitors the health and welfare of its animals.

6. Pharming and its employees

Pharming encourages and supports employees to maximize their talents and be fully committed to the Company's mission, as further specified in the Company's Annual Report, while offering a challenging work environment. This is achieved through offering training and development opportunities for all employees.

Pharming's board members and employees highly appreciate good internal communication, as this is essential in creating a transparent, open and effective working environment. The Company has a range of communication tools in place to inform its employees on the Company's activities and developments. These communication channels include the Pharming intranet, (inter)departmental meetings and presentations as well as regular business and project updates. In addition, Pharming's Board of Management interacts with the Works Council, the body that by Dutch law represents the employees of the Dutch-based Pharming business, on a frequent basis; issues discussed amongst others include regulations on conditions of employment as well as health, safety and welfare.

Diversity in the workplace is important for providing different viewpoints to better understand and meet the needs of stakeholders. The Company values social diversity and acts as an equal opportunity employer. Employees have the right to work in an environment free of harassment (*e.g.* intimidation, discrimination, aggression) or any other form of behaviour that violates personal integrity. Harassment based on race, age, disability, gender, sexual orientation, religion or any other characteristic can be reported to specifically assigned and trained Pharming employees named Confidential Advisor ('vertrouwenspersoon'). Penalties for harassment are ultimately determined by the Company's Board of Management and vary from issuance of a formal warning to dismissal. Pharming has a so-called working conditions policy or ARBO policy ('arbeidsomstandighedenbeleid') in place for the Dutch entities of Pharming and as such this ARBO policy, as amended from time to time, is an integral part of the Pharming collective bargaining agreement ('Regeling ArbeidsVoorwaarden').

7. Proper use and protection of assets and information

All board members and employees are responsible for using Pharming's assets appropriately and protecting Pharming's assets against careless or wrong use, theft, loss, damage, waste, misappropriation and infringement. Assets, both intangible and tangible, are to be used only

for legitimate business purposes of the Company, in accordance with Pharming policies and only by authorized persons. Intangible assets include intellectual property, such as trade secrets, patents, trademarks and copyrights; tangible assets include buildings, equipment, company cars, communication facilities (such as personal computers, telephones and other mobile devices) and supplies.

Board members and employees also have a duty to safeguard confidential, proprietary or material information about Pharming and information that partners, suppliers, customers and other contracting parties have entrusted. Generally speaking, confidential and proprietary information includes all non-public information that might be of use to competitors, or harmful to Pharming or its customers, if disclosed. This includes, but is not limited to, Pharming's formula's, patents, trademarks and trade secrets; business trends and projections; information about financial performance; new product or marketing plans; research and development ideas or information; manufacturing processes; information about potential acquisitions, divestitures and investments; stock splits, public or private securities offerings; significant personnel changes; and existing or potential major contracts, orders, suppliers, customers or finance sources or the loss thereof. Board members and employees must maintain the confidentiality of such information entrusted to them by Pharming and its partners, suppliers, customers and other contracting parties, except when disclosure is authorized by Pharming or required by law. The obligation to protect confidential and proprietary information extends beyond the workplace but also includes communications with friends or family members and continues to apply even after the board membership or employment with Pharming has been terminated.

8. Insider trading, conflict of interest and personal gain

The Company requires all its board members and employees to act in accordance with the 'Internal Code on Inside Information' ('Reglement inzake voorwetenschap en meldingsverplichtingen'), which forms an integral part of this Code of Conduct.

Pharming also expects all its board members and employees not to carry out any personal activities and/or have any financial interests which are or could be in conflict with their responsibilities towards the Company. Pharming does not permit its board members and employees to pursue personal gain based on information obtained or obtainable within the Company nor does it permit its board members and employees to enter into activities that are competitive with the Company in any way. Therefore, it is recommended to avoid any situation, either in person or through someone else such as a friend or family member, in which personal interests conflict or even appear to conflict with those of Pharming.

The Company, its board members and employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business. However, the Company and its board members and employees may accept nominal gifts up to a value of €50.00 and offer gifts which are customarily given and are of commemorative nature for special events or in the normal course of the Company's business. Any gift of a higher value should be returned back to the giver with a request not to repeat this in future. Any instance of repetition would be taken seriously and could invite disciplinary action.

Board members and employees of the Company may not appropriate to themselves, or to any other person or organization, the benefit of any business venture, opportunity or potential opportunity that was learned about in the course of the board membership or employment, and that is in Pharming's line of business, without first obtaining consent from Pharming's entire Board of Management or, for the members of that body, the entire Board of Supervisory Directors.

Board members shall not accept any additional employment in a position of responsibility (such as consultant or director) with any third party without the prior approval of the Board of Supervisory Directors. Further, any presentation or hand-outs intended for distribution to outsiders should not contain any confidential information except in case this has been covered by a confidentiality agreement, which has been approved by the Board of Management

9. Reporting procedures

Any significant (expected or threatened) violation of this Code or applicable law must be reported immediately. Whether a violation is 'significant' will depend on the circumstances at hand, such as whether the event or circumstances involve a criminal offense or economic offense, whether persons have been exposed to serious risks and what the potential consequences for Pharming and its stakeholders are or could have been.

Violation reports should always be made in good faith. A violation of the Code or of applicable laws is a serious matter and could have legal implications. Allegations of such behaviour are not taken lightly and should not be made to embarrass someone or put him or her in a false light. Appropriate action will be taken against any person making intentional false allegations.

Though this Code of Conduct covers a wide range of issues that may arise, it is possible that events or circumstances will arise which have not (yet) been covered in this Code. In such cases the Company encourages anyone with doubts about compliance with the Code to discuss this with either (a member of) the Board of Management, the direct manager or one of the internal 'Confidential Advisors ('Vertrouwenspersonen'). Alternatively, the Board of Management has assigned three individuals that can be contacted, either collectively or individually, being:

- Compliance Officer;
- General Counsel;
- Human Resources Director/Manager.

These three individuals can be consulted to discuss any actual or potential violation under the Code; they are strictly bound by confidentiality rules that prohibit them to discuss the (potential) violation with anyone else unless permission has been granted by the person contacting the officer(s).

Board members and employees falling under the scope of this Code are expected to report, if necessary anonymously, any violation of the Code. The full procedure has been incorporated in the 'Whistleblowers' procedure of Pharming Group N.V.', which document is an integral part of this Code of Conduct.

10. Publication, acceptance, certification and updates

This version of the Code of Conduct has been approved by the Board of Management and the Works Council of Pharming on 19 April 2011. The Code of Conduct including all documents incorporated by reference (refer to section 11) have been published on the Company's intranet and are continuously available for reading and downloading to all persons falling within the scope of the Code of Conduct. This Code is also available on Pharming's website.

Everyone within the scope of the Code is expected to sign for acceptance (Appendix A).

The Board of Management of Pharming has delegated maintenance of the Code to the Company's Compliance Officer. Employees are encouraged to make suggestions for further improvement of this Code of Conduct; suggestions can be addressed in writing (letter and/or email) to the Company's Compliance Officer. The Compliance Officer will inform the Board of Supervisory Directors and the Board of Management of any developments as well as the improvements suggested by employees, which may require updating the Code.

New versions of this Code will be published on both the Company's website and intranet immediately after approval by the Board of Management and the Works Council and anyone within its scope will be informed in writing (letter and/or email) and, if necessary, a presentation will be provided to highlight the backgrounds and implications of the update.

11. Documents incorporated by reference

The following documents issued by the Company are an integral part of this Code:

- Animal Code of Conduct;
- Animal Welfare Policy;
- Internal Code on Insider Information (available in both English and Dutch); and
- Whistleblower's procedure.

Appendix A. Acknowledgement of receipt of Code of Conduct

I.....[insert name], hereby certify and acknowledge that:

I am a member of the Board of Supervisory Directors, a member of the Board of Management or (in accordance with the scope of this Code of Conduct) employee of the Company;

I have received, read, and understood the Code of Conduct of Pharming Group N.V. ('the Company');

Such Code has been and is applicable to my duties as a member of the Board of Supervisory Directors, a member of the Board of Management or employee.

Signed: _____

Name: _____

Designation: _____

Place: _____

Date: _____