

Comprehensive Compliance Program

As part of Targanta Therapeutics, Corporation's (Targanta) ongoing efforts in the area of compliance, a program has been designed to comply both with federal/state laws and industry standards relating to the ethical marketing and promotion of its product pipeline. Targanta has implemented a Comprehensive Compliance Program containing the elements specifically articulated in the *Compliance Program Guidance for Pharmaceutical Manufacturers* published by the Office of Inspector General of the Department of Health and Human Services in 2003, as well as by maintaining standards that comply with the Pharmaceutical Research and Manufacturers of America's *Code on Interactions with Healthcare Professionals*, as may be revised from time to time. Our Comprehensive Compliance Program is supported by our Code of Business Conduct and Ethics, an assembly of written business practices that expand upon the principles set forth therein, ongoing training, and the work of our Compliance Committee. This summary of our Comprehensive Compliance Program is made available to the public in order to satisfy the requirements set forth at Cal. Health & Safety Code § 119400 - 119402.

1. Written Standards and Procedures

Targanta has developed a Code of Business Conduct and Ethics to establish a benchmark for our employees' behavior as well as other standards to assure substantial compliance with applicable laws and regulations. Among these practices are recognized codes of conduct including the above referenced publications; our procedures address communications with all third parties about Targanta and her product pipeline, including instruction, education, training, service, and technical support required for the safe and effective use of our pipeline. Our Code of Business Conduct and Ethics and other documentation was developed through collaboration among several sectors and management levels of the corporation, and approved by the both the Executive Committee and Board of Directors. All employees are trained on the basic contents of the Code of Business Conduct and Ethics, while certain employees receive additional specialized training based upon their job responsibilities.

Senior management developed Targanta's business philosophy and methodology and teach these practices to employees who are affected by them. Our business practices are reflective of the industry wide standards set forth in the OIG's *Compliance Program Guidance for Pharmaceutical Manufacturers* and the *Code on Interactions with Healthcare Professionals*.

Policy on Business Meals

Targanta may occasionally offer a modest meal and/or reception, typically as part of an educational or product training meeting. The "modesty" of a meal will be established relative to local standards, but should not generally exceed \$125 per person. Targanta should not pay for meals for significant others or guests of healthcare professionals.

Policy on Gifts and Practice-Related Items

On occasion, Targanta representatives may provide patient or practice-related items. These items will hold a market value of \$100 or less and be infrequent. Promotional or “reminder” items of nominal value are permitted under Targanta’s policy; these items usually feature a company or product logo.

Policy on Entertainment, Recreational, or Social Events

Targanta may not pay for the attendance of healthcare professionals at entertainment or recreational events. In legitimate fee for service arrangements with healthcare professionals, limited entertainment, recreational, or social events in conjunction with these services are permitted, provided they are otherwise compliant with this policy as it relates to those activities, and clearly subordinate to the provision of the services to Targanta by the healthcare professional.

Policy on Educational or Research Grants

Targanta may provide grants for specific educational purposes that benefit patients and customers. These may include, but are not limited to, continuing medical and paraprofessional education programs, fellowships provided to teaching institutions and similar organizations with a demonstrated commitment to scientific and technical education, and programs operated by organizations that provide high-quality, nationally recognized patient education. Funding of educational programs will generally be provided only to organizations and institutions and not to individual practitioners.

Policy on Service Arrangements

Targanta can enter into fee for service arrangements with healthcare professionals, provided that such arrangements serve a legitimate bona fide need of Targanta and provided that such fees reflect the fair market value for the services.

Policy on Reimbursement of Travel Expenses of Healthcare Professionals

Targanta will not, with limited exceptions that are in accordance with nationally recognized standards, reimburse for travel and lodging expenses of attendees at third party conferences.

Targanta may reimburse attendees for their reasonable travel and lodging expenses associated with attendance at meetings focused on the education and training in the safe and effective use of Targanta’s pipeline. These meetings are conducted in locations intended to be conducive to the exchange of information such as conference settings or company facilities. Targanta will not reimburse travel for significant others or guests of attendees.

Annual Dollar Limit Pursuant to California Marketing Disclosure Law

Targanta has established an annual limit of \$250.00 (aggregated, per individual) for meals, items, and activities, which shall include “gifts” and “promotional materials” provided to any California health care professional pursuant to the requirements of Cal. Health & Safety Code § 119402. This amount shall be reviewed and subject to revision on an annual basis.

Fair market value payments made for bona fide professional services, medical practice items of nominal value, continuing medical forums, financial support for health education scholarships, and meals furnished in connection with medical education programs provided to California health care professionals shall be exempt from the \$250 annual spending limit but shall only be offered and paid in conformance with both the OIG’s *Compliance Program Guidance for Pharmaceutical Manufacturers* and the PhRMA *Code on Interactions with Healthcare Professionals*, as may be amended from time to time.

2. Compliance Committee & Compliance Officer; Auditing and Monitoring

Targanta’s Executive Team acts as the Compliance Committee and Compliance Officer for the purposes of this program. This group will report compliance activities to the Chief Executive Officer and Board of Directors on a routine basis and is charged with fostering the development of policies and procedures, auditing the company’s compliance with our established policies and procedures, pursuing investigations, and tracking employee complaints. The Committee also shall periodically consider modifications or additions to the compliance program to ensure that the program remains relevant and effective.

In the event something is discovered upon audit, whether such audit is conducted internally or through a third party, various disciplinary measures are available to and undertaken, as appropriate, by the Compliance Committee. Depending on the nature of the identified problem, the Compliance Committee also shall report, or cause others to report, the matter to the relevant governmental authorities, and reasonable corrective actions shall be initiated.

3. Training & Education

All newly hired employees are trained on our Code of Business Conduct and Ethics, internal business practices, and specific external regulations as part of their orientation. Additionally, all employees are recertified on the Code of Business Conduct and Ethics annually. The company maintains documentation to support the completion of mandatory training sessions for all employees. Additional specialized training is provided on a regular basis to employees whose job duties require technical or more advanced knowledge in certain regulated areas. Participation as well as conformance with compliance policies and procedures shall be taken into account as part of employees’ annual performance evaluations.

4. Maintaining Open Communications

Targanta has established a number of ways for its employees or others to report suspected compliance incidents or situations or ask questions related to compliance matters. Individuals can call any Compliance Committee member directly; concerns will be held anonymously and examined thoroughly. Finally, questions or concerns also may be submitted in writing (anonymous submissions are accepted) to the Compliance Committee via interoffice or regular mail. In submitting such a written report, individuals are encouraged to be thorough as possible in describing any concerns and the nature of the perceived violation. Anonymity and confidentiality will be maintained to the fullest extent possible.

The Company will not retaliate against anyone for reporting violations of applicable law, the Code of Business Conduct and Ethics, or the Company's policies. If any of the reported events involve members of the Company's most senior management, including its President and/or a Chief Officer, the matter will be forwarded directly to the Chairman of the Board of Directors for investigation and appropriate resolution.

5. Excluded Individuals; Disciplinary Action and Reporting of Identified Problems

Targanta shall neither employ nor knowingly contract with any person or entity that has been excluded, suspended or debarred from participation in any Federal health care program or from conducting business with the Food and Drug Administration.

Furthermore, any employee who has disregarded or violated the Code of Business Conduct and Ethics, Targanta's policies and procedures, or applicable law is subject to appropriate disciplinary action, up to and including dismissal, in accordance with the Company's human resources policies. Targanta may have an obligation to bring violations to the attention of appropriate outside authorities, when such violations constitute violations of the law. Targanta shall conduct reasonable investigations upon receiving a complaint or identifying a concern and shall act in good faith when reporting actual or suspected violations.

6. Declaration of Compliance Pursuant to California Health & Safety Code

With this statement, dated 1 September 2006, Targanta Therapeutics, Corp. declares, to the best of its knowledge and based upon a good faith understanding of the applicable statutory requirements, that the Company is in compliance with California Health and Safety Code, §§ 119400-119402. Because compliance is a dynamic concept, Targanta will review the overall effectiveness of the elements of its Comprehensive Compliance Program at least annually, and as part of its assessment, Targanta may modify aspects of its program in order to enhance or improve it. Targanta will ensure that conforming changes are made within six months of any update or revision to the OIG Guidance or PhRMA Code.



In addition to placing our Comprehensive Compliance Program on this web site, individuals may obtain a copy of this document (which includes our certification of compliance with the California Health and Safety Code and our Code of Business Conduct and Ethics) at the following toll-free number: 1.877.285.8615.