

ALTUS PHARMACEUTICALS INC.
AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee (the “Committee”) shall provide assistance to the Board of Directors of Altus Pharmaceuticals Inc. in fulfilling its responsibilities to the Company’s shareholders relating to the accounting and reporting practices of the Company, the quality and integrity of the financial reports of the Company and the audit process. The Audit Committee's primary duties and responsibilities are to oversee that management has:

- Maintained the reliability and integrity of the accounting policies, independent audit process and financial reporting and disclosure practices of the Company
- Established and maintained processes to assure that an adequate system of internal controls is functioning within the Company; and
- Established and maintained processes to assure compliance by the Company with all applicable laws, regulations and corporate policy

Defined Terms

- "Board" shall mean the Board of Directors of the Company.
- "Company" shall mean Altus Pharmaceuticals Inc. and its consolidated subsidiary.
- "Financially Expert" shall mean a person who has prior employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the development of financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.
- "Financially Literate" shall mean the ability to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement .
- "Independent Auditors" shall mean a public accountant which (a) satisfies the requirements set forth by Rule 101 of the American Institute of Certified Public Accountants ("AICPA") Professional Standards, (b) satisfies the requirements of the Independence Standards Board ("ISB"), and (c) is a "registered public accounting firm" as that term is defined by the Sarbanes-Oxley Act of 2002.

COMPOSITION

The Committee shall be comprised of three or more directors who shall meet the independence and audit committee composition requirements under any rules or regulations of NASDAQ and the Securities and Exchange Commission (the “SEC”), and shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. In connection with the Company’s initial public offering, membership on the Committee may be phased-in in accordance with NASD Marketplace Rule 4350(a)(5) and Rule 10A-3(b)(1)(iv)(A) of the Exchange Act.

All members of the Committee shall be financially literate. At least one member of the Committee shall be financially expert as defined by applicable laws, rules, and regulations or guidance issued by NASDAQ and the SEC.

The eligibility of a Director to serve as a member of the Committee, including a determination of financial sophistication and independence shall be determined by the Board in its reasonable discretion.

Members of the Committee shall be elected by the Board, or the committee thereof responsible for nominations of directors and shall serve until their successors shall have been duly elected and qualified, or until the earlier of their resignation, removal or death. If not elected by the Board, the Chair of the Committee may be designated by majority vote of the full Committee.

MEETINGS

The Committee shall meet as frequently as circumstances warrant, but at least four times annually (which meetings may include the quarterly meetings described below). The Chair of the Committee shall be responsible for leadership of the Committee, including determining the frequency of its meetings, preparing the agenda, presiding over the meetings and reporting for the Committee to the Board at its next scheduled meeting following a Committee meeting. To foster open communication between the Board and management, the Committee should meet separately at least once annually with management and at least once annually with the Company's independent auditors to discuss matters that the Committee or each of these groups believes should be discussed privately. The Audit Committee or its Chairperson, or the Chairperson's designee, must meet with the Company's independent auditors and management quarterly to review the Company's financial statements and internal controls. Members of the Committee may participate at meetings of the Committee by video conference, tele-conference or other electronic means.

RESPONSIBILITIES, DUTIES AND AUTHORITY

To fulfill its responsibilities and duties the Committee shall:

Document Review

1. Review annually the adequacy of this Charter. The Committee shall recommend to the Board, as conditions warrant, that the Board amend or supplement this Charter.
2. Review with representatives of management and the independent auditors the Company's annual earnings announcements prior to public release and the audited annual financial statements prior to their filing as part of the Annual Report on Form 10-K. After such review and discussion, the Committee shall recommend to the Board whether such audited financial statements should be included in the Company's annual report on Form 10-K.
3. Meet quarterly with representatives of management and the independent accounting firm to review the Company's quarterly earnings announcements prior to public release and the interim financial statements prior to their inclusion in the Company's quarterly reports on Form 10-Q. The Committee will discuss with the independent auditors any matters required to be communicated by the independent auditors to the Committee or its Chairperson in connection with the independent auditor's review of the interim financial statements of the Company. The Chairperson or another member of the Committee designated by the Chairperson shall be available to review with management, current disclosures regarding material changes in the financial condition or operations of the Company.

Independent Auditors

1. Be directly responsible for the appointment, compensation, retention and oversight of the independent auditors including the evaluation of the performance of the independent auditor. The auditors shall report directly to the Audit Committee.
2. Pre-approve the engagement of the Company's independent auditors for all audit, audit-related and non audit-related services.

3. On an annual basis, review and discuss with the Company's independent auditors all significant relationships the independent auditors have with the Company to determine the independent auditors' independence.
4. Oversee the independence of the Company's independent auditors by:
 - a) receiving from the Company's independent auditors on a periodic basis (at least annually) a formal written statement delineating all relationships between the Company's independent auditors and the Company consistent with Independent Standards Board ("ISB") Standard No. 1 (Independence Discussions with Audit Committees); and
 - b) on a periodic basis (at least annually) reviewing and actively discussing with the Board and the Company's independent auditors any disclosed relationships or services between the independent auditors and the Company or any other disclosed relationships or services that may impact the objectivity and independence of the independent auditors.
5. On a periodic basis (prior to earnings announcements or the filing of forms 10-Q and form 10-K), discuss with management and representatives of the independent auditors the matters required to be discussed by Statement on Auditing Standards ("SAS") 61 (Codification of Statements on Auditing Standards, AU §380), as it may be modified or supplemented from time to time.

Financial Reporting Process

1. Review with management and the independent auditors at the completion of the annual audit:
 - (a) the Company's annual financial statements and related footnotes;
 - (b) the independent auditor's audit of the financial statements and report thereon;
 - (c) any significant changes required, during the course of the audit, in the independent auditor's audit plan;
 - (d) any material difficulties or disputes with management encountered during the course of the audit;
 - (e) any material correcting adjustments that have been identified by the independent auditors in accordance with generally accepted accounting principles and applicable laws, rules and regulations; and
 - (f) any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons, which may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses.
2. Inquire of management, and the independent auditors about key financial statement risk areas, the Company's processes for identifying and assessing such risk areas and the steps the Company has taken with regard to such risk areas. Also, review and evaluate the Company's processes for identifying and assessing key financial statement risk areas and for formulating and implementing steps to address such risk areas.
3. Consider the independent auditor's reports and judgments brought to the attention of the Committee about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting. Also, review and consider information received from the independent auditors regarding all critical accounting policies and practices used by the Company, all alternative treatments of financial information within generally accepted accounting

principles that have been discussed with management of the Company, ramifications of the use of such alternative disclosures and treatments, the treatment preferred by the independent auditors, and other material written communications between the independent auditors and management, including any management letter or schedule of unadjusted differences.

4. At least once each fiscal quarter, review with management and the independent auditors their assessments of the effectiveness of the Company's internal control over financial reporting (including any annual report on internal control and related matters required in the annual report to stockholders), the resolution of any identified material weaknesses in such internal control over financial reporting and the assessments of such internal control over financial reporting to be included in filings with the SEC or other publicly available documents. Review with management and the independent auditors as appropriate, their assessments of the effectiveness of the Company's disclosure controls and procedures as of the end of each fiscal quarter.
5. Establish procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Compliance

1. To the extent deemed necessary by the Committee, it shall have the authority to engage outside counsel and/or independent accounting consultants to review any matter relating to its responsibilities.
2. Review all related party transactions for potential conflict of interest situations on an ongoing basis and any transactions which must be approved by the Committee (or another independent body of the Board) to the extent required by applicable laws, rules, regulations and by NASDAQ.
3. Review with corporate officers, and where appropriate the independent auditors, the Company's corporate compliance program, any significant issues noted during the implementation of such program and any significant changes recommended in the scope of such program. The Committee shall review and make recommendations to the Board regarding the code of conduct/ethics adopted or to be adopted by the Board as required by applicable laws, rules and regulations and by NASDAQ.
4. Review with the Company's legal counsel all legal and regulatory matters brought to the attention of the Committee that may have a material impact on the financial statements. The Committee shall respond appropriately to any matters reported to it by counsel, including reporting to the Board on such matters, and adopting, as necessary, appropriate remedial measures or sanctions, or recommending such action to the Board.

Reports

1. Prepare, in accordance with the rules of the SEC as modified or supplemented from time to time, a written report of the Committee to be included in the Company's annual proxy statement, and receive the information to be provided by the outside auditors for inclusion in the proxy statement, including all fees relating to their services.
2. Report Committee actions to the Board with such recommendations as the Committee may deem appropriate.

Other

1. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.

2. Retain, at such times and on such terms as the Committee determines in its sole discretion and at the Company's expense, special legal, accounting or other experts or consultants to advise and assist it in complying with its responsibilities set forth herein. The Committee shall have the authority to engage independent counsel, accountants, or other experts or advisers as it determines necessary to carry out its duties, and the Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisers retained by the Committee under this paragraph.
3. Perform such other functions as may be required by applicable laws, rules and regulations and NASDAQ, the Company's Certificate of Incorporation and Bylaws, or by the Board

#####

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. It is the responsibility of the Corporation's management to prepare consolidated financial statements that are complete and accurate and in accordance with generally accepted accounting principles, and it is the responsibility of the Corporation's independent accounting firm to audit those financial statements. The Committee's responsibility in this regard is one of oversight and review. The Committee does not provide any expert or other special assurance as to such financial statements concerning compliance with laws, regulations or generally accepted accounting principles. The Committee's authority, duties and responsibilities are discharged through evaluating reports given to the Committee, presentations made to the Committee and other significant financial reporting decisions reported to the Committee by management and the independent accounting firm.