

PHARMING

**EXPLANATORY NOTES
TO RESOLUTIONS
TO BE TAKEN IN THE**

**Annual
General Meeting of
Shareholders of**

Pharming Group N.V.

18 June 2014

**to be held at Holiday Inn Leiden
Haagse Schouwweg 10
at 14.00 hrs (CET)**

Explanatory notes to resolutions to be taken in the Annual General Meeting of Shareholders of Pharming Group N.V. (“the Company”)

To be held at Holiday Inn Leiden, Haagse Schouwweg 10, 2332 KG Leiden, the Netherlands and organized by the Company on 18 June 2014 at 14.00 hours (CET).

Item 3)

Option scheme Board of Management

The report of the Remuneration Committee in the Annual Report 2013 describes the relevant elements of the option schemes, including those for the Board of Management. It is being proposed to approve the granting of options to the members of the Board of Management and the criteria for settling options in cash, as described in such report under item 3.

Item 4)

Remuneration Board of Supervisory Directors – re-inclusion members of Board of Supervisory Directors in the Company’s LTIP

The participation of the members of the Board of Supervisory Directors in the Company’s Long Term Incentive Plan (LTIP) was initially approved at the General Meeting of Shareholders in 2008. The members of the Board of Supervisory Directors at that time voluntarily decided not to participate in the LTIP. As described in the report of the Remuneration Committee in the Annual Report 2013 under the heading ‘LTIP 2014’, it is now proposed to approve the re-inclusion of the members of the Board of Supervisory Directors in the Company’s LTIP.

Item 7)

Appointment auditor

It is being proposed to instruct PricewaterhouseCoopers to examine the Annual Report and the Annual Accounts for the financial year 2014, to report to the Board of Supervisory Directors and the Board of Management, and to issue an auditor’s statement.

Item 8a)

Amendment of the Articles of Association - increase of the authorised share capital of the Company by 100,000,000 shares to 550,000,000 shares and corporate update

The number of outstanding shares as of May 7, 2014 amounts to 405,353,750 and the current authorised share capital amounts to 450,000,000 shares. The rationale behind the proposed increase of the authorised capital from 450,000,000 shares to 550,000,000 shares is to create sufficient shares to be able to finance the Company adequately through the coming years and to retain a share reserve, as is typical for companies operating in high growth sectors such as biotechnology.

Furthermore, the Board of Management, with the approval of the Board of Supervisory Directors, would like to update the Articles of Association in general and specifically in view of recent amendments to Dutch law and regulations. It should be noted that most of the amended provisions of Dutch law are mandatorily applicable and are in practice already applied by the Company. The amendments proposed to the Articles in this respect therefore do not imply any material changes.

The Dutch and English consecutive wording of the Articles of Association, as they will read after the proposed amendments, are available at the offices of the Company and on the Company's website, as well as documents in which the proposed amendments to the Articles of Amendments have been made visible.

Item 8b)

Authorisation to effect the amendment of the Articles of Association of the Company for item 8a

It is proposed to authorise each member of the Board of Management, the secretary of this General Meeting of Shareholders and also each civil law notary, each deputy civil law notary and each paralegal of Loyens & Loeff N.V., severally, to have the notarial deed containing the proposed amendments to the Articles of Association executed.

Item 9a)

Designation Board of Management as company body authorised to (i) issue shares, (ii) grant option rights and (iii) restrict or exclude pre-emptive rights.

The General Meeting of Shareholders has designated the Board of Management for a period ending on May 26, 2014, as the company body authorised to, subject to the approval of the Board of Supervisory Directors:

- (i) issue shares;
- (ii) grant rights to acquire shares; and
- (iii) limit or exclude pre-emptive rights.

This authorisation is limited to the authorised capital as per the moment of the resolution to issue shares and/or grant rights to acquire shares. It is being proposed to renew this designation to June 30, 2015.

Item 9b)

Authority Board of Management to repurchase Pharming Group N.V. shares

It is proposed to authorise the Board of Management for a period ending on June 30, 2015, to repurchase, subject to the approval of the Board of Supervisory Directors, not more than 10% of the issued capital, through the stock exchange or otherwise, for a price not less than the nominal value and not exceeding 10% of the average final closing rates for shares as listed in the Official Price Gazette of NYSE Euronext Amsterdam N.V. during five consecutive trading days prior to the date of repurchase.