



Audit Committee Charter

PURPOSE:

The Audit Committee of the Board of Directors of Cell Genesys, Inc. (the “Company”) will have the oversight responsibility, authority and specific duties as described below.

MEMBERSHIP:

The Audit Committee members will be appointed by, and will serve at the discretion of, the Board of Directors. The Audit Committee will consist of at least three (3) members of the Board of Directors. Members of the Audit Committee must meet the following criteria (as well as any criteria required by the Securities and Exchange Commission (the “SEC”)):

1. Each member will be an independent director, as defined in (i) Nasdaq Rule 4200 and (ii) the rules of the SEC;
2. All Audit Committee members shall be able to read and understand financial statements, and at least one member shall be an “audit committee financial expert,” as defined by and in compliance with the deadlines set forth in SEC and Nasdaq regulations; and
3. Each member will be otherwise free from any relationship that, in the judgment of the Board of Directors, would interfere with his or her exercise of business judgment as an Audit Committee member.

RESPONSIBILITIES:

The Audit Committee’s primary function is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to (i) the annual financial information and required reports to be provided to shareholders and the SEC; (ii) the system of internal controls that management has established; (iii) the appointment, compensation and oversight of the Company’s auditors and the external audit process; and (iv) establishing procedures for receiving and reviewing accounting related complaints and concerns by whistleblowers. In addition, the Audit Committee provides an avenue for communication between the independent accountants, financial management and the Board of Directors. The Audit Committee should have a clear understanding with the independent accountants that they must maintain an open and transparent relationship with the Audit Committee, and that the ultimate accountability of the independent accountants is to the Audit Committee. The Audit Committee will make regular reports to the Board of Directors concerning its activities.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Nor is it the duty of the Audit Committee to

conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations and the Company's business conduct guidelines. It is the responsibility of management to prepare financial statements which are complete and accurate and in accordance with generally accepted accounting principles and the rules and regulations of the SEC. It is the responsibility of the independent auditors to plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement, and to review the Company's unaudited interim financial statements.

The Audit Committee shall review any report made directly, or otherwise made known, to it by an attorney representing the Company or its subsidiaries of a material violation of U.S. federal or state securities law, a material breach of fiduciary duty arising under U.S. federal or state law or a similar material violation of any U.S. federal or state law (a "material violation"), all in accordance with the provisions of 17 CFR Part 205, as amended from time to time ("Part 205").

AUTHORITY

In discharging its duties, the Audit Committee is granted the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Company. In that regard, the Audit Committee will have the authority to approve, at the Company's expense, the retention of external professionals, including independent counsel and such advisors as it deems appropriate, to render advice and counsel in such matters. The Audit Committee shall have unrestricted access to members of management, employees, independent auditors, internal and outside counsel and relevant information as is necessary to carry out the Audit Committee's purposes. The Audit Committee is authorized to communicate in confidence with any of these individuals. All employees will be directed to cooperate with respect thereto as requested by members of the Audit Committee.

MEETINGS

The Audit Committee is to meet at least four times annually and as many additional times as the Audit Committee deems necessary. The Audit Committee is to meet in separate executive sessions with the chief financial officer and independent accountants at least once each year and at other times when considered appropriate.

ATTENDANCE

Audit Committee members will strive to be present at all meetings. As necessary or desirable, the Audit Committee Chair may request that members of management and representatives of the independent accountants be present at Audit Committee meetings.

SPECIFIC DUTIES

In carrying out its oversight responsibilities, the Audit Committee will:

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval. This should be done in compliance with applicable Nasdaq and/or SEC Audit Committee requirements.
2. Oversee compliance with the requirements of the SEC for disclosure of auditor's services.
3. Be directly responsible for the appointment, compensation, retention, evaluation and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company and, where appropriate, the termination and replacement of such firm. Such independent auditors shall report directly to the Audit Committee.
4. Review with the Company's management and independent accountants the Company's accounting and financial reporting controls. Review with the independent accountants whether any matters came to their attention related to significant deficiencies in the design of internal control that, in their judgment, could adversely affect the Company's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.
5. Review with the Company's management and independent accountants significant accounting and reporting principles and sensitive accounting estimates applied by the Company in preparing its financial statements. Discuss with the independent accountants their judgments about the quality, not just the acceptability, of the Company's accounting principles used in financial reporting.
6. Review the scope and general extent of the independent accountants' annual audit. The Audit Committee's review should include an explanation from the independent accountants of the factors considered by the accountants in determining the audit scope, including the major risk factors. The independent accountants should confirm to the Audit Committee that no limitations have been placed on the scope or nature of their audit procedures. The Audit Committee will review annually the adequacy of staffing and the fee arrangement with the independent accountants. The Audit Committee shall pre-approve all audit and non-audit services provided by the independent auditors and shall not engage the independent auditors to perform the specific non-audit services proscribed by law or regulation. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Audit Committee member to whom pre-approval authority is delegated must be presented to the full Audit Committee at its next scheduled meeting.
7. Inquire as to the independence of the independent accountants and obtain from the independent accountants, at least annually, a formal written statement delineating all relationships between the independent accountants and the Company as contemplated by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. The Audit Committee shall have the responsibility for actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and for taking, or recommending that the full Board of Directors take, appropriate action to oversee the independence of the outside auditor.
8. Review the Company's interim financial statements and quarterly earnings press releases with the independent auditors and management prior to public release,

- including discussing with the independent auditors and management the results of the independent auditors' SAS 71 review of the interim financial statements and direct the Company's independent auditors to review, before filing with the SEC, the Company's interim financial statements included in Quarterly Reports on Form 10-Q.
9. Reviewing on at least a quarterly basis the status of any legal or regulatory matters that could have a significant impact on the Company's financial statements.
 10. At the completion of the annual audit, review with management and the independent accountants the following:
 - The annual financial statements and related footnotes and financial information to be included in the Company's annual report to shareholders and on Form 10-K.
 - The year-end earnings press releases prior to public release.
 - The Management and Discussion and Analysis of Financial Condition and Results of Operations.
 - Results of the audit of the financial statements and the related report thereon and, if applicable, a report on changes during the year in accounting principles and their application.
 - Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit. Inquire about the cooperation received by the independent accountants during their audit, including access to all requested records, data and information. Inquire of the independent accountants whether there have been any disagreements with management which, if not satisfactorily resolved, would have caused them to issue a nonstandard report on the Company's financial statements.
 - The development, selection, application and disclosure of critical accounting policies, any significant changes in the Company's accounting policies and any proposed changes in accounting or financial reporting that may have a significant impact on the Company.
 - All material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditor, and other material written communications between the independent auditor and management.
 - Any unusual or non-recurring items and the nature and substance of significant reserves.
 - Other communications as required to be communicated by the independent accountants by Statement of Auditing Standards (SAS) 61 as amended by SAS 90 relating to the conduct of the audit. Further, receive communication provided by the independent accountants concerning their judgment about the quality of the Company's accounting principles, as outlined in SAS 61 as amended by SAS 90, and whether or not they object to the application of management's judgments and estimates to significant accounting principles.
 - Any material off-balance sheet arrangements or other material financial arrangements of the Company that do not appear on the financial statements of the Company.

11. If deemed appropriate after such review and discussion, recommend to the Board of Directors that the financial statements be included in the Company's annual report on Form 10-K. After preparation by management and review by independent accountants, approve the report required under SEC rules to be included in the Company's annual proxy statement. Discuss with the independent accountants the quality of the Company's financial and accounting personnel. Also, elicit the comments of management regarding the responsiveness of the independent accountants to the Company's needs.
12. Meet with management and the independent accountants to discuss any relevant significant recommendations that the independent accountants may have, particularly those characterized as material weaknesses or significant deficiencies. Typically, such recommendations will be presented by the independent accountants in the form of a Letter of Comments and Recommendations to the Audit Committee. The Audit Committee should review responses of management to the Letter of Comments and Recommendations from the independent accountants and receive follow-up reports on action taken concerning the aforementioned recommendations.
13. Have exclusive authority over the selection, retention or termination of the Company's independent accountants, including a policy and plan for independent auditor rotation.
14. Review with management and the independent accountants the methods used to establish and monitor the Company's policies with respect to unethical or illegal activities by Company employees that may have a material impact on the financial statements.
15. Establish procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
16. As the Audit Committee may deem appropriate, obtain, weigh and consider expert advice as to Audit Committee related rules of Nasdaq, Statements on Auditing Standards and other accounting, legal and regulatory provisions.
17. Annually review the performance of the Audit Committee and its structure, processes and membership requirements.
18. Review policies and procedures with respect to transactions between the Company and its officers and directors or their affiliates (a "Related Party Transaction") and approving any proposed Related Party Transactions.
19. Review any report by an attorney representing the Company of a material violation of securities law, material breach of fiduciary duty, or similar violation of U.S. federal or state law as the Company's Qualified Legal Compliance Committee ("QLCC"). In its capacity as QLCC, the Audit Committee shall adopt written procedures for the confidential receipt, retention and consideration of any report of evidence of a material violation under Part 205.
20. Upon receipt of a report under Part 205, the Audit Committee shall:
 - inform the Company's chief legal officer/general counsel ("CLO"), if one exists, and chief executive officer ("CEO") of such report unless notification would be futile; and

- determine whether an investigation is necessary regarding any report of evidence of a material violation by the Company, its officers, directors, employees or agents.

If the Audit Committee determines an investigation is necessary or appropriate, the Audit Committee shall:

- notify the full Board of Directors; and
- initiate an investigation, which may be conducted either by the CLO or by outside attorneys.

At the conclusion of any such investigation, the Audit Committee shall recommend that the Company implement an appropriate response to the evidence of a material violation, which appropriate response may include:

- a finding that no material violation has occurred, is ongoing or is about to occur;
- the adoption of appropriate remedial measures, including appropriate steps or sanctions to stop any material violations that are ongoing, to prevent any material violation that has yet to occur, and to remedy or otherwise appropriately address any material violation that has already occurred and to minimize the likelihood of its recurrence; or
- retaining or directing an attorney to review the reported evidence of a material violation and either (i) the Company has substantially implemented any remedial recommendations made by such attorney after a reasonable investigation and evaluation of the reported evidence or (ii) the attorney advises the Company that such attorney may, consistent with his or her professional obligations, assert a colorable defense on behalf of the Company or its officers, directors, employees or agents, in any investigation or judicial or administrative proceeding relating to the reported evidence of a material violation; and
- informing the CLO, the CEO and the Board of Directors of the results of any such investigation initiated by the Audit Committee and the appropriate remedial measures to be adopted.

The Audit Committee may take all other appropriate action, including the authority to notify the SEC, if the Company fails in any material respect to implement an appropriate response that the Audit Committee has recommended the Company to take.

Performing such other specific functions as the Board of Directors may from time to time direct.

The Audit Committee shall have the authority to delegate its functions to a subcommittee thereof only to the extent permitted by law.

The Audit Committee shall perform such other functions and have such other powers as may be necessary or convenient in the efficient discharge of the foregoing.

Nothing in this Charter is intended to preclude or impair the protection provided in Section 141(e) of the Delaware General Corporation Law for good faith reliance by members of the committee on reports or other information provided by others.