



Corporate Governance Policy

March 21, 2008

Mission of the Board of Directors. The responsibility of the Company's Board of Directors (the "Board") is to review and regularly monitor the effectiveness of the Company's fundamental operating, financial and other business plans, policies and decisions, including the execution of its strategies and objectives. The Board will seek to enhance stockholder value over the long term.

The Board believes that its objectives will be best served by following the fundamental corporate governance principles described in this document and the charters of its various committees of the Board and the Company's Code of Business Conduct and Ethics. In fulfilling its obligations, the Board will consider legal, public policy and ethical standards and the interests of its stockholders. These guidelines are not intended to change or interpret any law or regulation, or the Certificate of Incorporation or Bylaws of the Company.

- **Size.** The Board believes that the Board should generally consist of no fewer than five and no more than twelve directors. This range permits diversity of experience without hindering the effective discussion or diminishing individual accountability. Our Board presently has nine members. This size is satisfactory under current circumstances, but may be adjusted upward or downward to reflect the changing needs of the Company.
- **Independent Directors.** The Board should be composed of a majority of independent directors as defined under applicable Securities and Exchange Commission and Nasdaq Stock Market regulations and rules as determined by the Board.
- **Other Directorships.** No director shall serve on the board of more than four public companies. No director should serve on the Audit Committee of more than two other public companies without the consent of the Board. Independent directors should also advise the Chairperson of the Board and the Chairperson of the Nominating and Governance Committee in advance of accepting an invitation to serve on another board of a public company.
- **Directors Who Materially Change Their Principal Occupation or Business Association Responsibility.** It is not the belief of the Board that in every instance directors who retire or change their principal occupation or business association should necessarily leave the Board, but any such director should offer to resign and the Nominating and Governance Committee should review the continued appropriateness of the person's ongoing Board membership under these circumstances.
- **Retirement Age.** The Board does not believe that arbitrary age limits on directors' service are appropriate.
- **Board Compensation.** A director who is also an officer of the Company shall not receive additional compensation for such service as a director. Compensation for non-employee

directors should be competitive and should encourage ownership of the Company's stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock or similar compensation.

- **Selection of Chairperson and Chief Executive Officer.** The Board does not have a fixed policy as to whether the role of the Chief Executive Officer and Chairperson should be separated. The Board should be free to make this determination in any manner that it deems to be in the best interest of Company and its shareholders at a given point in time.
- **Lead Director.** The Board does not believe that there is presently a need to formally appoint one of the directors as a "lead director" who would serve as an interface between the Chief Executive Officer and the full Board. The Board believes that the various functions of a lead director can be more efficiently carried out by different directors from time to time depending on the circumstances.
- **Board Meeting Agenda and Frequency.** The Board expects to have at least five regularly scheduled meetings each year. In addition, special meetings may be called from time to time as determined by the needs of the business. The Chairperson of the Board and the Chief Executive Officer will establish and distribute the agenda for each Board meeting. Any director is free to suggest potential items for the agenda.
- **Meeting Attendance.** Each director should make reasonable efforts to attend each meeting of the Board and any Committee of which the director is a member, and to be reasonably available to management and the other directors for consultation between meetings. In particular, directors should attend sufficient meetings to avoid falling below the attendance level that would require disclosure in the Company's annual proxy statement.
- **Executive Sessions of Independent Directors.** The independent directors will have an opportunity to meet in Executive Session before and/or after each regularly scheduled Board meeting and otherwise as needed.
- **Conflicts of Interest.** Board members are required to disclose to the Board (or the Audit Committee) any financial interest or personal interest that he or she has in any contract or transaction that is being considered by the Board (or Audit Committee) for approval or any other matters which the Board members believes presents an actual or potential conflict of interest. After such disclosure and responding to any questions the Board may have, the interested director should abstain from voting on the matter and in most cases, should (and at the request of the Chairperson of the meeting will) leave the meeting while the remaining directors discuss and vote on such matter.
- **Counsel and Advisors.** The Board and each of its Committees may retain outside legal counsel and other advisors at their discretion and at the expense of the Company.
- **Board Access to Management.** Directors shall have complete access to management. Directors will use judgment to be sure that such contacts are not distracting to the business operations of the Company and that, in general, the Chief Executive Officer is made aware of such contacts.

- **Director Education.** Each director is expected to take steps reasonably necessary to be adequately informed about the Company and external matters affecting it and to enable the director to function effectively on the Board and Committees on which the director serves.
- **Number, Titles and Charters of Committees.** The current standing Board Committees are (a) Audit, (b) Compensation and (c) Nominating and Governance. All members of these three committees shall be independent as defined under applicable Securities and Exchange Commission and Nasdaq Stock Market regulations and rules. A separate Disclosure Committee, consisting of the Chief Executive Officer and certain other officers of the Company, shall report to the Board and the Audit Committee on disclosures made by the Company. Each Board Committee and the Disclosure Committee shall have a written charter. Each Committee should review its charter and activities annually, with the assistance of inside or outside counsel and advisers, as appropriate, to make certain that they are consistent with then-current sound governance practices and legal requirements. The Board shall appoint the chairpersons of each Committee.
- **Evaluation and Compensation of the Chief Executive Officer.** The Compensation Committee should develop with the Chief Executive Officer and discuss with the Board appropriate criteria upon which the Chief Executive Officer's compensation and performance will be evaluated annually. Subject to any applicable employment agreement, the Board will have the final authority to determine the Chief Executive Officer's compensation level based on this evaluation and should meet in executive session to discuss its recommendations as to the Chief Executive Officer's compensation and overall performance.
- **Succession Planning and Management Development.** At least annually, there should be discussions between the Nominating and Governance Committee and the Chief Executive Officer on succession planning and management development, both short term and long term.
- **Stock Ownership of Senior Management.** While the Board does not believe it appropriate to specify the level of share or option ownership for individual officers, officers in senior management should be stockholders or optionholders and have a financial stake in the Company.
- **Confidential Stockholder Voting.** The Company believes that stockholder votes should generally be confidential. The Company's transfer agent will be instructed that (a) for employees, Company access to proxy cards and ballots shall be restricted and voting results shall be reported only in the aggregate and (b) for non-employee stockholders, the same confidentiality shall apply except in cases of proxy contests, tender offers and other change of control situations.
- **Board Evaluations.** The Board shall be responsible for annually conducting a self-evaluation.
- **Amendments of Guidelines.** The Nominating and Governance Committee will review these Guidelines at least annually to ensure that they remain suitable for the needs of the Company. The Nominating and Governance Committee will recommend needed changes to the Board.

Each of us, as a member of the Board of Directors of Cell Genesys, Inc., agrees to support this Corporate Governance policy.