

**HALOZYME THERAPEUTICS, INC.**

**CORPORATE GOVERNANCE**

**GUIDELINES**

## **General**

The Board of Directors of Halozyme Therapeutics, Inc. has the responsibility to organize its functions and conduct its business in the manner it deems most effective and efficient, consistent with its duties of good faith, due care and loyalty. In that regard, the Board has adopted a set of flexible policies to guide its governance practices in the future. These practices, set forth below, will be regularly re-evaluated by the Board's Nominating and Governance Committee in light of changing circumstances in order to continue serving the best interests of the stockholders. Accordingly, the summary of current practices is not a fixed policy or resolution by the Board, but merely a statement of current practices that is subject to continuing assessment and change.

## **Role of Board and Management**

The Board of Directors, which is elected by the stockholders, is the ultimate decision-making body of the Company except with respect to those matters reserved to the stockholders. It selects the senior management team, which is charged with the conduct of the Company's business. Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors its performance. The primary goal of the Board of Directors is to maximize stockholder value over the long-term. Both the Board and management recognize that long-term stockholder value is advanced by aligning the interests of other stakeholders such as employees and customers.

The fundamental role of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. In fulfilling that responsibility the directors may reasonably rely on the honesty and integrity of the Company's senior management and expert legal, accounting, financial and other advisors.

The Board determines the frequency of its meetings.

## **Director Qualifications**

The Nominating and Governance Committee is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment should include issues of diversity, age, skills such as understanding of manufacturing, technology, finance and marketing, and international background - all in the context of an assessment of the perceived needs of the Board for directing the company at that point in time. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of our stockholders. They must also have an inquisitive and objective perspective and mature business, professional and personal judgment. We endeavor to have a Board representing diverse experience at policy-making levels in business, education and technology, and in areas that are relevant to the company's activities. Board members are expected to rigorously prepare for, attend, and participate in all Board and applicable Committee meetings. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with or conflict with their service and loyalty to the Company.

## **Director Independence**

The Board believes that, as a matter of policy and consistent with applicable laws, rules and regulations, the Board should consist of a substantial majority of independent directors. In no event will the Board consist of less than a majority of independent directors.

In making a determination regarding a director's independence, the Board shall consider all relevant facts and circumstances, including the director's commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and such other criteria as the Board may, in its discretion, determine relevant. All persons determined to be an independent director shall meet the independence requirements of the Nasdaq Stock Market.

## **Limits on Director Outside Activities**

Directors must be willing to devote sufficient time to carry out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. Each Board member is expected to ensure that other existing and planned future commitments do not conflict with or materially interfere with the member's service as a director. Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict. In making recommendations regarding a person's nomination for service or continued service on the Board, the Nominating and Governance Committee and the Board will take into account the nature of and time involved in the person's principal job responsibilities, other activities, and service on other boards.

## **Change in Director Responsibilities**

Directors should offer their resignation in the event of any significant change in their personal circumstances, including a change in their principal job responsibilities that could pose a conflict of interest, diminish his or her effectiveness as a Board member, or otherwise be detrimental to the Company. The Nominating and Governance Committee will evaluate the appropriateness of continued Board membership under the new circumstances and make a recommendation to the Board as to whether it should accept or reject such tendered resignation. The Board in its discretion will determine whether such member should continue to serve as a director.

## **Retirement Age**

The Board does not believe that a fixed retirement age for directors is appropriate.

## **Term Limits**

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. In making a recommendation regarding the nomination of a director for election for an additional term of service, the Nominating and

Governance Committee reviews the Director's role and the expected contributions resulting from that Director's continuation on the Board.

### **Size of Board**

The Board reviews from time to time the appropriate size of the Board. The Board will consider changing its size to accommodate outstanding candidates or to address specific governance needs.

### **Chairman of the Board**

The Board elects the Chairman of the Board who presides over all Board meetings.

At times when the CEO is not the Chairman of the Board, we do not believe that it is either necessary or desirable to establish a lead director. The Chairman of the Board, who presides at all meetings of the Board, takes the lead role in the boardroom.

### **Separation of Chairman and CEO**

The Board elects its Chairman and appoints the Company's Chief Executive Officer according to its view of what is best for the Company at any given time. The Board does not believe there should be a fixed rule as to whether the offices of Chairman and CEO should be vested in the same person or two different people, or whether the Chairman should be an employee of the Company or should be elected from among the non-employee directors. The needs of the Company and the individuals available to play these roles may dictate different outcomes at different times, and the Board believes that retaining flexibility in these decisions is in the best interest of the Corporation.

### **Executive Sessions of Independent Directors**

The independent directors of the Board will generally meet in Executive Session at each regularly scheduled Board meeting and at any other time requested by any independent director.

### **Board Access to Management**

The independent members of the Board shall have access to, and are encouraged to contact, Company employees in order to obtain the information necessary to fulfill their duties. The Board may establish a process for such inquiries. Management is encouraged to invite Company employees to Board meetings where management participation will provide the Board with additional insight into the matters being considered.

### **Retention of Advisors/Consultants**

The Board and each committee of the Board shall have the authority to retain outside financial, legal or other advisors as they deem appropriate, and shall have the authority to obtain advice, reports or opinions from internal and external counsel and advisors, without consulting with or obtaining approval from any officer of the Company.

## **Political Contributions**

Halozyme encourages employees to express their personal political views outside of the work environment. Political statements, support or contributions by Halozyme will be done in only limited situations approved by Nominating and Governance Committee and will reflect the company's interests, not those of individual officers or directors.

## **Board and Committee Evaluation**

The Board and each committee will perform an annual self-evaluation. Each of the directors will be requested to provide their assessments of the effectiveness of the Board, the committees on which they serve, and the other directors (blinded) to the Nominating and Governance Committee. The individual assessments will be summarized by the Committee and reported for discussion to the full Board and the committees. The Nominating and Governance Committee should also report its assessment of the Board's compliance with these principles set forth in these guidelines as well as identification of areas in which the Board or committees could improve performance.

## **Director Nomination Process**

The Nominating and Governance Committee will review annually the results of the evaluation of the Board and its committees, and the needs of the Board for various skills, experience, expected contributions and other characteristics in determining the director candidates to be nominated at the annual meeting. The Nominating and Governance Committee will evaluate candidates for directors proposed by directors, stockholders or management in light of the Committee's views of the current needs of the Board for certain skills, experience or other characteristics, the candidate's background, skills, experience, other characteristics and expected contributions and the qualification standards established from time to time by the Nominating and Governance Committee. If the Nominating and Governance Committee and the Board believe that the Board requires additional candidates for nomination, the Committee may engage, as appropriate, a third party search firm to assist in identifying qualified candidates. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Governance Committee. In making the determinations regarding nominations of directors, the Nominating and Governance Committee may take into account the benefits of diverse viewpoints as well as the benefits of constructive working relationships among directors.

## **Communications by Stockholders with Directors**

Stockholders may communicate with any and all company directors by transmitting correspondence by mail or email, addressed as follows:

Board of Directors (or individual director)  
c/o Corporate Secretary  
11388 Sorrento Valley Road  
San Diego, CA 92121  
Email Address: HalozymeBoardOfDirectors@Halozyme.com

The Corporate Secretary will transmit as soon as practicable such communications to the identified director addressee(s), unless there are safety or security concerns that mitigate against further transmission of the communication, as determined by the Corporate Secretary after consultation with the General Counsel or outside counsel. The Board of Directors or individual directors so addressed shall be advised of any communication withheld for safety or security reasons as soon as practicable.

The Company will make every effort to schedule its annual meeting of stockholders at a time and date to maximize attendance by directors taking into account the directors' schedules. All directors shall make every effort to attend the Company's annual meeting of stockholders.

### **Director Compensation**

On an annual basis, the Compensation Committee shall review the compensation for non-employee directors. The Compensation Committee shall be responsible for recommending to the full Board changes in the compensation for non-employee directors, and shall be guided by the following goals:

- directors should be fairly compensated for the work required in discharge of their duties;
- compensation should align the directors' interests with the long-term interests of stockholders; and
- the compensation policy should be easy for stockholders to understand.

### **Stock Ownership Guidelines**

In order to align the interests of the Company's directors with the Company's stockholders, the Board believes that directors should have a significant financial stake in the Company. Accordingly, the Board believes that each director who has served on the Board for three years should own shares of the Company's common stock with a cost basis, or current market price if greater than cost basis, of not less than three times their base annual cash compensation for Board service. In addition to the preceding ownership guidelines, all directors are expected to own shares of the Company's common stock within one year of joining the Board. Shares of the Company's common stock that are pledged by a director are excluded and not taken into account in determining compliance by a director with his or her stock ownership guidelines.

Executive officers are required to hold a number of shares of the Company's common stock with a cost basis, or current market price if greater than cost basis, at least equal to the stock ownership guideline for their position. The guideline for our Chief Executive Officer is set at three times current annual base salary. The guideline for the other executive officers is set at one times current annual base salary. The guidelines are re-calculated whenever an executive's base salary changes. Executive officers are required to achieve this ownership guideline within five years of becoming an executive officer or (in the case of persons who were executive officers in February 2012) by February 2017.

## **Director Education and Orientation**

The Nominating and Governance Committee shall develop and maintain an orientation program for new directors that shall include meetings with senior management and visits to the Company's facilities. Incumbent directors shall also be invited to attend the orientation program. All directors will comply with any continuing education requirements developed by the Nasdaq Stock Market.

## **Committees**

The Board will at all times have an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee, and membership will be reviewed annually. All members of these committees will be independent directors under the criteria established by the Nasdaq Stock Market. The Board may from time to time establish additional committees as necessary or appropriate. Committee members will be appointed by the Board upon the recommendation of the Nominating and Governance Committee.

Each committee will have its own charter. The charters will set forth the purposes of the committees as well as qualifications for committee membership. The charters shall be posted on the Company's website.

The Chair of each committee, in consultation with the committee members and senior management, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. The Chair of each committee reports the material items discussed and recommendations to the full Board.

## **CEO Evaluation**

The Compensation Committee conducts a review at least annually of the performance of the CEO. The Compensation Committee shall establish the evaluation process and determine the specific criteria on which the performance of the CEO is evaluated. The Compensation Committee also approves the compensation plan for senior management.

## **Succession Planning**

The Nominating and Governance Committee shall conduct a periodic review of the Company's succession planning, including policies and principles for CEO selection and succession in the event of an emergency or the retirement of the CEO. The Committee shall report its recommendation to the Board.