CEPHALON, INC.

CORPORATE GOVERNANCE GUIDELINES

Adopted May 2, 2003
Amended and Restated October 18, 2005

The following Corporate Governance Guidelines ("Guidelines") have been adopted by the Board of Directors (the "Board") of Cephalon, Inc. (the "Company") to assist the Board in the exercise of its responsibilities. These Guidelines are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. These Guidelines should be interpreted in the context of all applicable laws and the Company's certificate of incorporation, bylaws and other corporate governance documents. These Guidelines are subject to modification from time to time by the Board or the Corporate Governance and Nominating Committee of the Board.

A. Composition and Size of the Board

1. Size of the Board

Consistent with the Company's bylaws, the Board believes that the size of the Board should be within a range of five to eight. The Corporate Governance and Nominating Committee of the Board of Directors will periodically review the size of the Board, and determine the size that is most effective in relation to future operations.

2. One-Year Term

Directors shall be elected at the annual meeting of stockholders for a one-year term, to serve until the next annual meeting of stockholders. If a Director is elected between annual meetings of stockholders, the initial term of any such Director shall expire at the next annual meeting of stockholders.

3. Independence

A majority of the Directors shall satisfy the "independence" requirements of Section 10A of the Securities Exchange Act of 1934, the Nasdaq National Market and any other regulatory authority. All members of the Audit Committee shall meet the specific independence requirements for audit committee members under Section 301 of the Sarbanes-Oxley Act of 2002 and the Nasdaq National Market regulations. The Corporate Governance and Nominating Committee shall be responsible for annually reviewing the relationships that each director has with the Company for purposes of determining independence.

4. Board Membership Criteria

The Board seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated, and be selected based upon contributions they can make. Directors should plan to make a significant time commitment to the Company. The Corporate Governance and Nominating Committee is responsible for determining the appropriate skills and characteristics required of Board members in the context of its current make-up, and will consider factors such as independence, experience, strength of character, mature judgment and technical skills in its assessment of the needs of the Board.

5. Selection of Directors

The Nominating and Corporate Governance Committee has, as part of its responsibilities, the recommendation of candidates to the full Board and the recommendation of Directors to serve on Board committees. The Board also shall be responsible for determining the qualification of an individual to serve on the Audit Committee as a designated "audit committee financial expert," as required by applicable rules of the Securities and Exchange Commission under Section 407 of the Sarbanes-Oxley Act of 2002.

6. Director Responsibilities

The business and affairs of the Company shall be managed by or under the direction of the Board. A Director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a Director is expected to regularly attend meetings of the Board and committees on which such Director sits, with the understanding that on occasion a Director may be unable to attend a meeting.

Directors shall be entitled to rely on the honesty and integrity of their fellow Directors and the Company's senior executives and outside advisors and independent accountants. The Directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to fullest extent permitted by law and the Company's certificate of incorporation and by-laws.

The Board and its committees shall have the right at any time to retain independent outside financial, legal or other advisors.

7. Presiding Director

If the Chairman of the Board is not an independent Director, the independent Directors shall select from among themselves a Presiding Director. The Presiding Director would preside at Executive Sessions of independent Directors and shall have the opportunity to review the information that goes to the Board, including Board meeting agendas and Board meeting schedules.

8. Evaluation of Board

The Corporate Governance and Nominating Committee shall be responsible for overseeing an evaluation of the Board on a regular basis, but not less than every two (2) years, to determine whether it and its committees are functioning effectively. The Committee shall determine the nature of the evaluation, supervise the conduct of the evaluation and prepare an assessment of and recommendations to improve the performance of the Board and its committees, to be discussed with the Board.

9. Board Compensation

Directors who are executive officers of the Company shall not receive additional compensation for their service as Directors.

Senior management of the Company shall report to the Compensation Committee periodically on the Company's director compensation practices in relation to other U.S. companies of comparable size and the Company's competitors. Change in Board compensation, if any, should come only upon the recommendation of the Compensation Committee and with the full concurrence of the Board.

10. No Term Limits

There is no limit on the number of one-year terms that a Director may serve. The Corporate Governance and Nominating Committee believes that much of the knowledge of the Company's operations, management and businesses is cumulative, and so long as a Director is deemed by the Committee to meet the criteria for board service, there shall be no limit on the number of terms that a Director may be reelected.

11. Membership on Other Boards

Each Director who is not an executive officer of the Company shall be limited to service on a total of six public company boards of directors, including the Company's Board. Each Director who is an executive officer of the Company shall be limited to service on a total of three public company boards of directors, including the Company's Board.

The Board expects individual Directors to use their judgment in accepting directorships of non-public corporations or charitable organizations and to allow sufficient time and attention to Company matters.

12. Directors Who Change Their Corporate Affiliation; Retirement

The Board does not believe that Directors who retire, change their principal occupation or business association or accept or intend to accept a directorship with another company should necessarily leave the Board; however, there should be an opportunity for the Board, through the Corporate Governance and Nominating Committee, to review the continued appropriateness of Board membership under these circumstances and, if appropriate, to request the Director's resignation. The Board does not believe that a fixed retirement age for Directors is appropriate.

13. Board Access to Officers, Employees and Independent Auditors

Board members shall have full and free access to officers, employees and the Company's independent auditors. The Directors shall use their best judgment to ensure that any such contact is not disruptive to the business operations of the Company.

14. Board Orientation

The Company shall provide new Directors with an Orientation Program to familiarize such Directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, code of conduct, corporate governance guidelines, principal officers and independent auditors. Any sitting member of the Board may attend the Orientation Program.

15. Annual Chief Executive Officer Evaluation

The Stock Option and Compensation Committee will annually evaluate the performance of the Chief Executive Officer. The evaluation of the Chief Executive Officer's performance will be a significant factor in the Committee's annual review of the Chief Executive Officer's compensation.

B. <u>Board Meetings</u>

1. Frequency of Meetings

The Board shall meet at least four (4) times annually. In addition, special meetings may be called from time to time as determined by the needs of the business.

2. Meeting Materials

Presentation materials relevant to each Board meeting should be, to the extent practicable, distributed to the Board sufficiently in advance of the meeting to permit prior review by the Directors.

3. Meeting Agendas

The Chairman of the Board shall have the primary responsibility for establishing the agenda for each meeting, with review by the Presiding Director. Any Director may request that a matter be placed on the Board's agenda by contacting either the Chairman of the Board or Presiding Director.

4. Executive Sessions of Independent Directors

The non-employee Directors of the Company shall meet without management on a regularly scheduled basis, but not less frequently than twice a year. The Presiding Director shall preside at such executive sessions, or in such President Director's absence, the remaining non-employee Directors shall select a Director to preside at such executive sessions.

5. Attendance of Non-Directors at Board Meetings

The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to provide additional insight into matters being discussed or who have potential that the Chief Executive Officer believes should be given exposure to the Board.

C. Committee Matters

1. Number and Names of Board Committees

The Board shall have three standing committees: Audit, Nominating and Corporate Governance, and Stock Option and Compensation Committee. The duties for each of these committees shall be outlined in their respective charters. The Board may determine to form a new committee or disband a current committee depending on circumstances.

2. Rotation of Committee Assignments and Chairs

Committee assignments and the designation of Committee Chairs should be based on the Director's knowledge, interests and areas of expertise. The Board does not favor mandatory rotation of Committee assignments or Chairs. The Board believes experience and continuity are more important than rotation. Board members and Chairs should be rotated only if rotation is likely to increase Committee performance.

3. Frequency of Committee Meetings

The Audit Committee shall meet at least four (4) times per year. The Stock Option and Compensation Committee shall meet at least three (3) times per year. The Corporate Governance and Nominating Committee shall meet at least two (2) times per year.

4. Independence

The Corporate Governance and Nominating Committee shall consist of at least a majority of independent directors. The Audit Committee and Stock Option and Compensation Committee shall each consist entirely of independent directors. In addition to meeting the independence requirements described in Section A.3 above, members of the Audit Committee must also satisfy independence requirements for Audit Committee members under the Nasdaq National Market and Section 301 of the Sarbanes-Oxley Act of 2002. All of the members of the Audit Committee shall possess the financial literacy, and at least one member shall have the accounting expertise, called for by the Nasdaq National Market. Audit Committee members may not receive any compensation from the Company other than their directors' compensation.

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