



## Corporate Governance Guidelines

PROGENICS PHARMACEUTICALS, INC.  
BOARD OF DIRECTORS CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the "Board") of Progenics Pharmaceuticals, Inc. ("Progenics" or the "Company") has adopted these Corporate Governance Guidelines ("Guidelines") to promote the effective functioning of the Board and its Committees and to continue Progenics' commitment to strong corporate governance. These principles embrace high standards of integrity for the conduct of company business for the achievement of corporate goals while serving the interest of the stockholders. These Guidelines have been adopted by the Board on May 10, 2005.

### I. Introduction

Progenics believes that good corporate governance is important to ensure that the Company is managed for the long-term benefit of its stockholders. These guidelines provide the framework for the governance of Progenics, together with its Amended and Restated Certificate of Incorporation, the By-Laws and the Charters of the various board committees. The Board intends that the corporate governance principles set forth herein will be reviewed annually or more often if deemed necessary.

### II. Composition of the Board of Directors

#### 1. Size of Board.

The size of the Board should facilitate substantive discussions in which each Director can participate meaningfully, encompass a broad range of skills, expertise, industry knowledge and diversity of opinion. The Board should consist of a majority who are, under the Nasdaq Stock Market, Inc. ("Nasdaq") Marketplace Rules, "independent directors" in the business judgment of the Board. The size of the Board may be increased or decreased if determined to be appropriate by the Board.

#### 2. Board Membership Criteria.

The Board, through its Nominating and Corporate Governance Committee ("Nominating Committee"), utilizes a variety of methods for identifying and evaluating potential nominees to the Board of Directors. The Nominating Committee has adopted a Director Nominations Policy.

Recommendations may come from current Board members, professional search firms, members of management, stockholders or other persons. In assessing the qualifications of potential nominees, the Nominating Committee may rely on personal interviews or discussions with the candidate and others familiar with the candidate's professional background, third-party background and reference checks and on such other information as is reasonably available. Candidates must possess the "Minimum Criteria for Board Members" listed in the Director Nominations Policy, which includes high professional and personal ethics. In addition, the Nominating Committee will consider other desirable qualities and skills, including relevant experience and expertise, which may include large biotechnology or pharmaceutical company CEO or senior management experience, senior-level management experience in medical research or clinical development activities in the fields of oncology, virology, immunology or molecular biology within a public company or large university setting, and relevant senior-level expertise in one or more of the following areas: finance, accounting, sales and marketing, organizational development and public relations.

#### 3. Election of Directors.

All directors are elected each year at the annual stockholder meeting to serve for a one-year term expiring at the next annual stockholder meeting.

#### 4. Independent Directors.

A majority of the Board will be comprised of directors who satisfy the Nasdaq independence requirements. The Board will determine annually, based on all relevant facts and circumstances, whether each director satisfies the criteria for independence and it will disclose each of these determinations in its public filings as required. Each independent director shall notify the Chairman of the Nominating Committee, as soon as practical, in the event his or her circumstances change in a manner that may affect the Board's evaluation of his or her independence.

#### 5. New Directors.

The Nominating Committee, with direct input from the Chairman or Chairmen (if not a member or members of the

Nominating Committee) and the Chief Executive Officer, shall identify qualified individuals to become Board Members. The Nominating Committee shall make recommendations to the full Board for approval. Stockholders may also recommend potential candidates through the process identified below.

**6. Stock Ownership by Directors.**

The Board believes that the number of shares of Progenics' stock owned by each Director is a personal decision but encourages Progenics stock ownership by directors.

**7. Director Compensation.**

Director compensation and stock ownership are periodically reviewed by the Nominating Committee, usually on an annual basis. The Committee's review includes a comparison of Progenics' director compensation practices against the practices of other pharmaceutical and biotechnology companies. The Committee's objectives include ensuring that the Company's non-management Directors have a proprietary stake in the Company and that the interests of the Directors continue to be closely aligned with the interests of the Company's stockholders. Board members who are also employees of Progenics will not be separately compensated for service on the Board.

**8. Term Limits.**

The Board does not favor term limits for Directors, but believes that it is important to monitor overall Board performance.

**9. Retirement Policy.**

The Board does not believe that there should be a mandatory retirement age for Directors. The Board believes that age should not be a barrier to service of any Director maintaining the interest, commitment and ability to serve on the Board and that each Board member should be evaluated based on his or her abilities and contributions to the Board.

### **III. Conduct and Board Meetings**

**1. Roles of Board and Management.**

The Board, which is elected by the stockholders, is the ultimate decision-making body of the Company, except for 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 advisor and counselor to senior management and ultimately monitors performance. The Board also plans for succession of the Chairman or Chairmen of the Board as well as the Chief Executive Officer and certain other senior management positions. The Board provides oversight with respect to the strategic direction and key policies of the Company, approves major initiatives, advises on key financial and business objectives, and monitors progress with respect to these matters. In addition, the Board, directly and through its Audit Committee, provides oversight of the integrity of the financial statements of the Company; the independent accountant's qualifications and independence; the performance of the Company's independent registered public accounting firm; and the compliance by the Company with legal requirements relating to financial disclosure.

**2. Board Meetings.**

The Board currently plans at least four regular meetings each year, with further meetings to occur (or action to be taken by unanimous written consent), at the discretion of the Board. The schedule and length of the board meetings is designed to allow sufficient time for in-depth discussions, analysis and strategic planning, as well as to encourage interactions between directors and Progenics' management.

The Chairman or Chairmen of the Board, assisted by the Chief Executive Officer, set the agenda for board meetings with the understanding that certain topic matters pertinent to the advisory and monitoring function of the Board be brought to it periodically for review and/or decision. Any member of the Board may request a topic item be included on the agenda.

**3. Attendance at Board Meetings.**

All directors should make every effort to attend every meeting of the Board and every meeting of committees of which they are members. Directors are expected to attend the Annual Meeting of Stockholders.

**4. Distribution of Materials.**

The Board is provided, in advance of meetings, with agendas and written background information and data with respect to Board/Committee agenda items, as well as other general information relevant to the Company's businesses. The Board also is provided with information between meetings and has access to management and outside advisors on an as-needed basis.

**5. Attendance of Non-Directors.**

The Board encourages the Chief Executive Officer to bring members of management into board meetings to (i) provide management insight into items being discussed by the Board which involve the managers; (ii) make presentations to the Board on matters which involve the managers; and (iii) bring managers with significant potential into contact with the

Board. Attendance of management personnel at Board meetings is at the discretion of the Board.

**6. Executive Sessions.**

To ensure free and open discussion and communication between the independent directors of the Board, independent directors will meet at least four times a year in executive sessions, with no members of management present. If the Chairman is not, or if none of the Co-Chairmen are not, independent, the independent directors will designate the Director who will preside at the executive sessions.

**7. Assessing Board Performance.**

The Nominating Committee will lead the process of having an assessment of Board effectiveness performed on a regular basis. The assessment shall be conducted by such means as the Nominating Committee deems advisable. The Board will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board as well as the appointment of Board members to Committees.

**8. Access to Officers and Employees.**

Board members have complete and open access to Progenics' management and outside advisors. Board member contact with such individuals shall be handled in a manner that would not be disruptive to the business operations of Progenics.

**9. Authority to Retain Independent Advisors.**

The Board and each Committee have the power to hire independent legal, financial or other advisors as they may deem appropriate, without consulting or obtaining the approval of any officer of Progenics in advance. Progenics shall pay the fees and expenses of any such advisors.

**10. Stockholder Nominations.**

Any stockholder of the Company may recommend one or more persons for election as a Director of the Company at an annual meeting of stockholders if the stockholder complies with the procedures and requirements set forth below. In order for the recommendation of a director nomination to be timely, a stockholder's notice to the Company's Corporate Secretary must be delivered to the Company's principal executive offices not less than 120 days prior to the anniversary of the date of the Company's proxy statement released to stockholders in connection with the previous year's annual meeting. In the event that the Company sets an annual meeting date that is not within 30 days before or after the date of the immediately preceding annual stockholders meeting, notice by the stockholder must be received no later than the close of business on the 10th day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever occurs first.

Any candidate proposed by a stockholder must be independent of the stockholder providing the nomination in all respects as determined by the Nominating Committee or by applicable law. Any candidate submitted by a stockholder must also meet the definition of an "independent director" under Nasdaq Marketplace Rules and must meet the "Minimum Criteria for Board Members" set forth in the Director Nominations Policy, which is attached to the Nominating Committee's Charter.

**11. Communication with the Board.**

Stockholders may communicate with the Board of Directors by writing to:

Board of Directors  
c/o the Corporate Secretary  
Progenics Pharmaceuticals, Inc.  
777 Old Saw Mill River Road  
Tarrytown, New York 10591

**12. Ethics and Conflict of Interest.**

The Board expects its Directors, Officers and other employees to act ethically at all times and to acknowledge adherence to the Company's Code of Business Ethics and Conduct (the "Code of Conduct"). Directors are expected to avoid any actions or interests that conflict with an interest of the Company, or that gives the appearance of a conflict.

**13. Continuing Director Education.**

Newly appointed Board members will receive orientation about the history of Progenics, its business and financial operations and expectations of the Board of Directors. Members of the Board will be provided continuing education including, but not limited to, critical issues affecting Progenics and its industry overall, director's roles and responsibilities and applicable legal standards.

## **IV. Committees of the Board**

### 1. **Board Committees.**

The Board will have at all times an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The Board of Directors may have other standing or ad hoc committees as the Board determines. Each of these committees will (if required) or may consist solely of independent directors satisfying applicable legal, regulatory and stock market requirements and will (if required) or may adopt a charter outlining the responsibilities of such committee. Committee members will be appointed by the Board upon recommendations of the Nominating Committee. The Board may, from time to time, establish or maintain additional committees as it deems necessary or appropriate, and as of the time of the adoption of these Guidelines the Company also has an Executive Committee.

The Board elects the members and Chair of each committee, attempting to match the Committee's function and needs to individual skills and experience of the Director for the Committee.

### 2. **Frequency and Length of Committee Meetings.**

The number and content of Committee meetings and other matters of Committee governance are determined by each Committee and its Chair in light of the responsibilities delegated by the Board. Appropriate agenda items are recommended by management, in consultation with the Committee Chair and the Committee members. Any Director, however, may recommend inclusion of specific agenda items for any Committee meeting, regardless of whether the Director is a member of such Committee. The roles of the Committees are defined by the Company's By-Laws and by Committee Charters adopted by the Board.

### 3. **Rotation of Committee Assignments and Chairs.**

Committee assignments and the designation of Committee Chairs should be based on each 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. Committee members and Chairs may be rotated in response to changes in the membership of the Board and in all cases should be rotated only if rotation is likely to increase Committee performance.

## **V. Chief Executive Officer Evaluation**

### 1. **Chief Executive Officer Performance Review.**

The Compensation Committee assists the Board in fulfilling the Board's oversight responsibilities relating to compensation of the Company's executives, which shall include the establishment of executive compensation policies and practices of the Company and the adoption and administration of executive compensation plans and programs. The Compensation Committee reviews the compensation plans and programs of the Company and its subsidiaries, and shall make recommendations to the Board with respect thereto. In addition, the Compensation Committee reviews and evaluates, subject to oversight by the Board, the Chief Executive Officer's performance.

### 2. **Succession Plan.**

The Nominating Committee will prepare and evaluate from time to time for consideration by the Board a plan for management succession. The Board will review and approve succession plans for the Chief Executive Officer and other senior executives. Succession planning will address both succession in the ordinary course and contingency planning in the case of unexpected events.

## **VI. Global Standard of Business Conduct and Ethics**

The Company's Code of Conduct is applicable to all directors and employees of the company, including the principal executive officer, principal financial officer and principal accounting officer. The Code meets the criteria for a "Code of Ethics" under SEC rules and "Code of Conduct" under the Nasdaq Marketplace Rules. The Code is available on the Company's website ([www.Progenics.com](http://www.Progenics.com)).