

**OPKO HEALTH, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**

**(June 14, 2012)**

**MISSION STATEMENT**

The mission of OPKO Health, Inc. (the “Company”) is to maximize stockholder value while operating in accordance with the law and a high set of ethical standards. Ultimately, the corporate authority to carry out this mission rests with the Company’s Board of Directors (the “Board”), as the representative of the stockholders. While the Board delegates authority to management to implement the Company’s mission on a day-to-day basis, the Board retains primary responsibility over the governance of the Company. Specifically, the Board retains the authority to: (i) recommend candidates to the stockholders for election to the Board; (ii) select and evaluate the CEO; (iii) oversee the Company’s succession plan; (iv) determine senior management compensation; (v) ensure the existence of adequate systems, procedures and controls; and (vi) assist in the approval of a financial operating plan and strategic direction. Additionally, the Board provides advice and counsel to senior management.

**BOARD STRUCTURE**

1. Board Size. The Corporate Governance and Nominating Committee will periodically review the size of the Board and recommend any proposed changes to the Board.
2. Chairman of the Board and CEO. It is the Company’s policy to retain the Board’s flexibility to allocate the responsibilities of the offices of the Chairman of the Board (the “Chairman”) and the Chief Executive Officer (the “CEO”) in any way that the Board determines is in the best interests of the Company at any point in time.
3. Committee Structure.
  - a. It is the general policy of the Company that all major decisions will be considered by the Board as a whole. As a consequence, the committee structure of the Board is limited to those committees considered to be basic to or required for the operation of the Company as a publicly owned entity.
  - b. Standing committees shall include the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee. All of the committees shall be composed solely of independent directors. The Board may form other committees as it determines appropriate.

**DIRECTOR QUALIFICATION STANDARDS**

It is the responsibility of the Corporate Governance and Nominating Committee to identify and recruit qualified candidates to serve on the Board. A list of candidates shall be presented to the Board for nomination and to the stockholders for consideration. The Corporate Governance and Nominating Committee may at its discretion seek third-party resources to assist in the process.

1. Personal Characteristics of Directors. Nominees for election to the Board should possess sufficient business or financial experience and a willingness to devote the time and effort necessary to discharge the responsibilities of a director. This experience can include, but is not limited to, service on other boards of directors or active involvement with other boards of directors, experience in the industries in which the Company conducts its business, audit and financial expertise, clinical experience, operational experience, or a scientific or medical background. Nominees for election to the Board of Directors should not be selected through mechanical application of specified criteria. Rather, the qualifications and strengths of individuals should be considered in their totality with a view to nominating persons for election to the Board whose backgrounds, integrity, and personal characteristics indicate that they will make a positive contribution to the Board of Directors. While there is no formal diversity policy with respect to Board composition, the Board believes it is important for the Board to have diversity of knowledge base, professional experience and skills.
2. Independence Requirements.
  - a. The Company shall have a majority of independent directors. It is the Company's policy that a majority of independent directors will increase the quality of Board oversight and lessen the possibility of damaging conflicts of interest.
  - b. The Company's standards for determining independence reflect the independence requirements set forth in Sections 303A.01 and 303A.02 of the NYSE Listed Company Manual and, in the case of members of the Company's Audit Committee, Rule 10A-3 under the Securities Exchange Act of 1934.
3. Other Substantive Qualification Requirements.
  - a. *Term Limits.* It is the policy of the Company to avoid Board term limits which have the disadvantage of discontinuing the availability and contributions of directors who have developed experience with, and insight into, the Company and its needs over a period of time.
  - b. *Changes in Status.* Every director, including the CEO and any other inside directors, must notify the Corporate Governance and Nominating Committee or the Company's legal department of his or her retirement, any change in employer and any other significant change in professional roles and responsibilities, as well as his or her accepting an invitation to serve on the Board of another public company.

## **DIRECTOR RESPONSIBILITIES**

The Board acts as the ultimate decision-making body of the Company and advises and oversees management, who are responsible for the day-to-day operations and management of the Company. In fulfilling this role, each director must act in what he or she reasonably believes to be in the best interests of the Company and its shareholders, and must exercise his or her business judgment. Directors will also, as appropriate, take into consideration the interests of other stakeholders, including employees and the members of the communities in which the

Company operates. The Company expects directors to be active and engaged in discharging their duties and to keep themselves informed about the business and operations of the Company.

1. Board Meetings.

a. Agenda.

- i. The Chairman of the Board will determine the frequency and length of Board meetings and will set the agenda for each Board meeting.
- ii. Draft agendas for Board meetings will be sent to Board members in advance of each meeting. Board members are encouraged to suggest the inclusion of additional items on an agenda, and any director may request that an item be placed on an agenda.
- iii. Committee agendas will be sent to committee members in advance of each committee meeting. Committee agendas will be prepared based on the responsibilities and duties set forth in the charter of each respective committee, expressions of interest by committee members and recommendations of management.
- iv. The Board should at least annually schedule its regular meetings for the upcoming year.

b. Operation.

- i. Board meetings will be run by the Chairman of the Board and will be conducted in accordance with customary practice in a manner that ensures open communication, meaningful participation and timely resolution of issues.
- ii. The Board will ensure that adequate time is provided for full discussion of important items and that management presentations are scheduled in a manner that permits a substantial proportion of Board meeting time to be available for open discussion.

c. Attendance. Directors are expected to attend all meetings of the Board and of the committees on which they serve.

d. Preparation.

- i. Directors should devote the time and effort necessary to fulfill their responsibilities and shall be prepared for each meeting by reviewing in advance all materials.
- ii. The Board must be given sufficient information to fully exercise its governance functions. This information comes from a variety of sources, including management reports, a comparison of performance to plans,

security analysts' reports, articles in various business publications, etc. The Company shall make every effort to ensure that, absent mitigating circumstances, Board members will receive information prior to Board and committee meetings so they will have an opportunity to reflect properly on the items to be considered at the meeting.

- e. Meetings of Non-Management Directors. The Company's non-management directors will regularly schedule executive sessions in which management does not participate. Such meetings will normally occur during regularly scheduled Board meetings.
2. Annual Stockholders Meetings. The Company encourages all Directors to attend all annual stockholders meetings of the Company, absent unanticipated personal or professional obligations which preclude them from doing so.
3. Company Performance and Corporate Strategy. The Board shall review the Company's financial performance on a regular basis at Board meetings and through periodic updates. The Board shall also review the Company's long-term strategic plans and the most significant financial, accounting and risk management issues facing the Company.

## **DIRECTOR ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS**

Directors are entitled to direct access to the management and employees of the Company and to its outside counsel and auditors. The Board may also engage independent advisors as necessary and appropriate.

1. Board Access to Senior Management. Board members have full access to senior management and to information about the Company's operations. Except in unusual circumstances, the CEO should be advised of significant contacts with senior management.
2. Board Ability to Retain Advisors. The Board and each of its committees is authorized to hire independent legal, financial or other advisors as they may consider necessary, at the Company's expense, without consulting or obtaining the advance approval of management or, in the case of committees, the full Board.

## **DIRECTOR COMPENSATION**

The form and amount of director compensation will be determined by the Compensation Committee in accordance with the Compensation Committee Charter. Only non-employee, directors will receive compensation for serving on the Board. In determining compensation, the Compensation Committee will take into consideration the responsibilities of the directors and fees being paid by other companies comparable to the Company.

## **DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

As new members are added to the Board, appropriate arrangements should be made with management to orient such member with the Company, its business operations, its financial

reporting, its industry, its management, the functioning of the Board and other appropriate matters. In addition, management should endeavor to continue to keep both new and continuing Board members informed of significant developments at the Company and in the Company's industry by means of periodic written reports, oral updates and presentations made at Board meetings and other appropriate means.

## **MANAGEMENT SUCCESSION**

The Board, or a committee thereof, should agree on general criteria for the Company's succession planning, including succession planning in the case of the incapacitation, retirement or removal of the CEO or in the event of an emergency.

## **ANNUAL PERFORMANCE EVALUATIONS**

1. Performance Evaluation of the Board and Committees. The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The charter of each committee of the Board requires such committee to conduct an annual performance evaluation of itself.
2. Performance Evaluation of the CEO and Upper Management. The Compensation Committee will evaluate the performance of the CEO and his or her direct reports in connection with its review of compensation and present its findings to the full Board. The Board will review the Compensation Committee's report in order to ensure that management's performance is satisfactory and that management is providing the best leadership for the Company in the long and short term.

## **DISCLOSURE**

It is the Company's policy that making certain information regarding corporate governance publicly available will promote better investor understanding of the Company's policies and procedures, as well as more conscientious adherence to them by the Board and management. Therefore, the Company's website shall at all times include:

1. these Corporate Governance Guidelines; and
2. the charters of the Company's most important Board committees, including the Audit Committee Charter, the Corporate Governance and Nominating Committee Charter and the Compensation Committee Charter.

## **BOARD INTERACTION WITH INSTITUTIONAL INVESTORS, THE PRESS, CUSTOMERS, AND OTHER INTERESTED PARTIES**

The Board believes that the management speaks for the Company and the Chairman speaks on behalf of the Board. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. Accordingly, it is expected that individual Board members representing the Company will meet or otherwise communicate with constituencies that are involved with the Company only with the knowledge and agreement of the Company's management or the full Board.