



## **Guidelines on Corporate Governance**

### **I. Introduction**

The Board of Directors (the “Board”) of Interpace Diagnostics Group, Inc. (the “Company” or “Interpace Diagnostics”), acting on the recommendations of its Nominating and Corporate Governance Committee, has developed and adopted a set of Guidelines on Corporate Governance (the “Guidelines”) to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions. These Guidelines are not intended to change or interpret any Federal or state law or regulation, including the Delaware General Corporation Law, or the Certificate of Incorporation or By-laws of the Company. These Guidelines are subject to modification from time to time by the Board.

### **II. The Board Generally**

#### **A. Role of Directors**

The business and affairs of the Company shall be 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, and to review, prior to meetings, material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting.

#### **B. The Board's Goals**

The Board's goal is to build long-term value for the Company's stockholders by assuring the vitality of the Company for its clients, employees and the other individuals and organizations who seek out, require, or otherwise depend on the Company.

To achieve these goals the Board will monitor both the performance of the Company (in relation to its goals and strategies) and the performance of the Chief Executive Officer (the “CEO”), and offer him or her constructive advice and feedback. When it is appropriate or necessary, it is the Board's responsibility to remove the CEO and to select his or her successor.

#### **C. Business Judgment**

In discharging their responsibilities, directors must exercise their business judgment to act in a manner that they believe in good faith is in the best interests of the Company and its stockholders.

## **D. Liability Insurance**

Directors shall be entitled to require that the Company purchase reasonable insurance on their behalf to accord them the benefits of indemnification and exculpation to the fullest extent permitted by applicable law and the Company's Certificate of Incorporation and By-laws.

## **III. Structure and Operation of the Board**

### **A. Size and Composition**

1. **Size of the Board** – The Board believes that it should generally have no fewer than 5 and no more than 9 directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. The size of the Board could, however, be increased or decreased if determined to be appropriate by the Board. For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for director, or in the event of a significant corporate event.
2. **Mix of Non-Independent and Independent Directors** – The Board believes that as a matter of policy, the composition of the Board should include the CEO, if elected, and the Board shall have a majority of independent directors. The definition of “independent director” shall be as set forth in the rules of the NASDAQ Stock Market LLC (“NASDAQ”), as such rules may from time to time be amended (each person who meets such definition, an “Independent Director”), or as per applicable law.

The Board shall review annually the relationships that each director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of NASDAQ or under applicable law. The Board may adopt and disclose categorical standards to assist it in determining director independence.

3. **Former Employee Board Member** – Directors who are also employees of the Company are expected to resign from the Board at the same time they leave employment with the Company. The Nominating and Corporate Governance Committee, in consultation with the Chairman of the Board, will evaluate the offer to resign and make a recommendation to the Board.
4. **Selection of New Director Candidates** – The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the

Board that may occur between annual meetings of stockholders. The Nominating and Corporate Governance Committee is responsible for screening, interviewing and recommending candidates to the Board for Board membership. In making its recommendations to the Board, the Nominating and Corporate Governance Committee considers, among other things, the qualifications of individual director candidates in light of the Board Membership Criteria described below. Such candidates may also be interviewed by the Chairman of the Board, the Chief Executive Officer and other independent director(s) when deemed appropriate.

5. **Board Membership Criteria** - The Nominating and Corporate Governance Committee works with the Board on an annual basis to determine the appropriate characteristics, skills, and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education, and public service. Characteristics expected of all directors include independence, integrity, high personal and professional ethics and sound business judgment. In evaluating the suitability of individual Board members, the Board takes into account many factors, including general understanding of marketing, finance, and other disciplines relevant to the success of a publicly traded company in today's business environment; understanding of the Company's business and technology; current knowledge and contacts in the communities in which Company does business and in Company's industry or other industries relevant to Company's business; educational and professional background; personal accomplishment; ability and willingness to commit adequate time to Board and committee matters; the fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective and responsive to the needs of Company; and geographic, gender, age, and ethnic diversity. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of the Company's business and represent shareholder interests through the exercise of sound judgment, using its diversity of experience.
6. **Extending the Invitation to a New Potential Director to Join the Board** – The invitation to join the Board should be extended by the Board itself through the Chairman of the Board and, if desired, with the Chair of the Nominating and Corporate Governance Committee.
7. **Directors Who Change Their Present Job Responsibility** – The Board does not believe that non-employee directors who retire or change the position they held when they became a member of the Board should necessarily leave the Board. Promptly following such event, the director must notify the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall review the continued appropriateness of the affected director remaining on the Board under the circumstances. The affected director is expected to act in accordance with the Board's decision after the Board has fully considered the Nominating and Corporate Governance Committee's recommendation following such review.

8. **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.
9. **Service on Other Public Company Boards** – The Board believes that sitting on the board of directors of a public company is a significant responsibility and the Board believes that it is prudent that members of the Company’s Board limit the number of public company boards on which they serve. The following limits shall apply to the Company’s directors unless a majority of the Board approves otherwise: (i) a director may not serve on the boards of more than two other public companies (excluding the Company), unless a director is not employed on a full-time basis, in which case such director may not serve on the board of more than three other public companies; and (ii) the Company’s CEO may not serve on more than two other public company boards (excluding the Company).

**B. Office of Chairman and CEO** – The Board has no policy respecting the need to separate the offices of Chair of the Board and CEO. The Board believes that this issue is part of the succession planning process and that it is in the best interests of the Company to make a determination whenever it elects a new CEO.

**C. Role of the Lead Independent Director** – The Board may appoint a Lead Independent Director to provide a source of Board leadership complementary to that of the Chairman. The role of the Lead Independent Director will be to aid and assist the Chairman and the remainder of the Board in assuring effective corporate governance in managing the affairs of the Company. The specific duties and responsibilities of the Lead Independent Director will be determined by the Board and will be set forth in a position description which will be reviewed annually by the Nominating and Corporate Governance Committee.

#### **D. Board Meetings**

1. **Frequency** – At least one regularly scheduled meeting of the Board shall be held quarterly. Additional meetings may be scheduled as necessary or appropriate in light of circumstances.
2. **Selection of Agenda Items for Board Meetings** – The CEO will establish the agenda for each Board meeting. At the beginning of the fiscal year the CEO, in consultation with the Chairman of the Board, will establish a schedule of agenda subjects to be discussed during the year (to the extent these can be foreseen) and will review it with the Board. Each director is free to suggest the inclusion of items on the agenda. Each director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. At least one Board

meeting each year will, among other things, be for the purpose of reviewing: (i) long-term strategic plans and the principal issues that the Company will face in the future, (ii) strategic objectives, (iii) business and financial performance for the prior year, including a review of the achievement of strategic objectives and (iv) the Company's compliance with applicable law and stock exchange listing standards.

3. **Regular Attendance of Non-Directors at Board Meetings** – The Board encourages the CEO to bring members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve the manager; (ii) make presentations to the Board on matters which involve the manager; and (iii) bring managers with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the CEO desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.
4. **Board Materials Distributed in Advance** – Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting (*e.g.*, presentations on specific subjects) should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.
5. **Minutes** – The Secretary of the Company normally shall record minutes of all meetings of the Board and stockholders. In the absence or incapacity of the Secretary, the Chairman may designate an Assistant Secretary, a director, the General Counsel, any Associate General Counsel or Assistant General Counsel or outside counsel to record the minutes of meetings of the Board, Board committees or stockholders. With respect to any matter, a director voting against a proposal may ask to have his or her dissent recorded in the minutes of the meeting, and the Secretary shall do so.
6. **Executive Sessions of Independent Directors** – The independent directors will meet in executive session in connection with each regularly scheduled Board meeting and at such other times as they may desire. Each regularly scheduled Board meeting agenda will specify an executive session. Executive sessions are meetings of independent directors. Inside directors and management do not attend these sessions. Executive sessions are not Board meetings. Any matter may be discussed during an Executive Session, but Board action cannot be taken during such sessions. Board action may only be taken at Board meetings (including telephonic meetings) or by the unanimous written consent of all Board members to action without a meeting. If necessary, after the executive sessions, feedback will be provided to the CEO. Such executive sessions shall be chaired by the Chairman of the Board.

Minutes need not be taken at executive sessions of the Board or Board committees composed of both inside and independent directors. If minutes are taken, they should not be kept with or included in the minutes of the Board or Board committee. If a committee is composed solely of independent directors and management personnel are asked to leave, whether minutes need to be taken depends on whether the committee meeting is adjourned. If management is asked to leave, but the meeting is not adjourned, then minutes need to be taken and are part of the official minutes of the committee. If the meeting is adjourned, and independent directors meet without management, minutes need not be taken, and, if taken, should not be kept with or included in the minutes of the meeting. If minutes are taken during an executive session, the chair of the session should designate an acting secretary for the session.

#### **E. Access to Management**

Board members shall have complete access to officers and counsel. It is assumed that Board members will use judgment to be sure that this contact is not distracting to the business operation of the Company and that such contact, if in writing, be copied to the CEO when appropriate.

#### **F. Access to Outside Counsel and Other Advisors**

The Board and Board committees may retain outside counsel, financial or other advisors, as they deem appropriate, without consulting with or obtaining the approval of any officer of the Company with respect to any issue relating to matters subject to their respective authority.

#### **G. Board Interaction with Institutional Investors, the Press, Clients, etc.**

The Board believes that the appropriate officers should speak for the Company. It is suggested that each director refer all inquiries from institutional investors or other stockholders, analysts, the press or clients to the CEO or his or her designee.

In no event shall any director disclose any material non-public information concerning the Company. Among other considerations, such disclosures may violate applicable law. Questions about such information should be directed to the Legal Department. In the event that a director inadvertently discloses information that may be material and non-public, he or she should immediately so advise the Legal Department.

## H. Committees of the Board

1. **Committee Structure** – The Board has the following standing committees: the Audit Committee, the Compensation and Management Development Committee and the Nominating and Corporate Governance Committee. The Board shall have authority to form a new committee (standing or *ad hoc*) or disband a current committee as circumstances require, provided that the Company shall at all times have Audit, Compensation and Management Development and Nominating and Corporate Governance committees and such other committees as may be required by applicable law or listing standards.
2. **Independence of Board Committees** – Each of the Audit Committee, the Nominating and Governance Committee and the Compensation and Management Development Committee shall be composed entirely of independent directors satisfying applicable legal, regulatory and NASDAQ requirements necessary for an assignment to such committee.
3. **Written Charters** – Each standing committee shall have a written charter, which shall be approved by the Board and state the purpose and responsibilities of such committee. Committee shall be reviewed not less frequently than annually to reflect the activities of each of the respective committees, changes in applicable laws or regulations and other relevant considerations, and proposed revisions to such charters shall be approved by the Board.
4. **Assignment and Rotation of Members** – The Nominating and Corporate Governance Committee shall be responsible, after consultation with the Chairman of the Board and taking into account the desires of individual Board members, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Nominating and Corporate Governance Committee's recommendations, the Board shall be responsible for electing committee members and designating committee chairs on an annual basis. It is the sense of the Board that consideration should be given to periodically rotating committee chairs and members. The Board does not feel that committee members' rotation should be mandated as a policy since there may be reasons at a given point in time to maintain an individual director's committee membership for a longer period or to shorten the period. The learning time to become an active contributor on a particular committee is also a factor. Committee chairs shall serve for a minimum of three years and a maximum of six years unless such limitations are shortened or extended by the Board.
5. **Agendas** – The chair of each committee, in consultation with its members and the appropriate officers, will develop the committee's agenda and frequency and length of the meetings consistent with its charter.

At the beginning of the fiscal year each committee will establish a schedule of agenda subjects to be discussed during the year (to the extent these can be foreseen). The schedule for each committee will be furnished to all directors.

Directors may attend any Board committee meetings where subjects of particular interest to them are being discussed. It is expected, however, directors would consult with the chair of the committee before attending.

## **I. Compensation of Directors**

A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

The Company believes that compensation for non-employee directors should be competitive and should encourage increased 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. The Compensation and Management Development Committee will periodically, and at least annually, review the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. Such review will also include a review of both direct and indirect forms of compensation to the Company's directors, including any charitable contributions by the Company to organizations in which a director is affiliated and consulting or other similar arrangements between the Company and a director. The Compensation and Management Development Committee will propose any changes to director compensation to the full Board for consideration.

Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a member of the Audit Committee may receive from the Company.

## **J. Director Orientation and Continuing Education**

New directors shall participate in an orientation program, which shall generally be conducted within two months of the new director's election. The agenda for the orientation program shall be determined by the Chairman, in consultation with the CEO (if different from the Chairman), the Chief Financial Officer and the Legal Department, who may consult, as appropriate, with Chairpersons of the standing committees. The orientation program shall familiarize directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal officers, trading policies, document retention policies, internal auditors and independent auditors. The orientation program may include presentations by the Company's executive management, internal auditors and independent auditors, as well as one or more visits to the Company's headquarters or other operating sites. All directors shall be invited to attend each orientation program.



The Board shall encourage directors to participate in continuing education programs, and the Company shall pay the reasonable expenses of attendance by a director of at least one such program per year.

#### **K. Company Policies**

Each director agrees to abide by the terms of the Company's policies regarding trading of the Company's securities and document retention. Such policies will be distributed to the Board by the Legal Department and the Legal Department will distribute any amendments to such policies.

#### **L. Annual Assessment of the Board's Performance**

The Nominating and Corporate Governance Committee is responsible for preparing an annual assessment of the Board's performance. This will be discussed with the full Board at the first meeting of each calendar year.

This assessment should be of the Board's contribution as a whole and specifically review areas in which the committee or the CEO believes a better contribution could be made. Its purpose is to increase the effectiveness of the Board, not to target individual Board members.

In addition, the Nominating and Corporate Governance Committee is responsible for individual director assessments and shall obtain input for such assessments from all Board members other than the director being assessed. These assessments will be done once every three years before reelection of such director and, as appropriate, will be provided to each director on a confidential basis. The purpose is to improve the effectiveness of each director.

In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee also considers the director's past attendance at meetings, participation in and contributions to the activities of the Board, and the results of the most recent Board self-evaluation.

### **IV. Leadership Development**

#### **A. Selection of the Chief Executive Officer**

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's CEO. In identifying potential candidates for, and selecting, the Company's CEO, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

## **B. Evaluation of Chief Executive Officer**

The Board will provide the CEO with an annual performance review for the prior year at the first regularly scheduled meeting of the Board each fiscal year. The Compensation and Management Development Committee will develop and recommend goals and objectives relating to the performance review of the CEO, and administering the review to the CEO will be conducted by the Chairman of the Board.

## **C. Succession Planning**

The Board shall annually review a succession plan for the position of the CEO in the event of an emergency, or the resignation or the retirement of the Company's CEO.

In addition, the CEO shall prepare and orally present to the Board an annual report on succession planning for all senior officers of the Company with an assessment of senior managers and their potential to succeed other senior management positions. In addition, the CEO shall prepare and orally present, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Company, if all or a portion of the senior officers should unexpectedly become unable to perform their duties. The short term succession plan shall be approved by the Board and shall be in effect until the Board has the opportunity to consider the situation and take action, when necessary.

## **D. Management Development**

The Compensation and Management Development Committee shall determine that a satisfactory system is in effect for education, development, and orderly succession of senior and mid-level managers throughout the Company. The Compensation and Management Development Committee, along with the CEO, shall present their findings of such a system to the Board of Directors.

## **V. Revisions of These Guidelines**

Each year, the Nominating and Corporate Governance Committee shall reevaluate these Guidelines and recommend to the Board such revisions as it deems necessary or appropriate for the Board to discharge its responsibilities more effectively. Any proposed revisions to these Guidelines shall be approved by the Board.

*As approved by the Board of Directors of Interpace Diagnostics (fka PDI, Inc.) on October 27, 2011*