

TERCICA, INC.
CODE OF BUSINESS CONDUCT AND ETHICS
(Adopted April 29, 2004)
(Amended October 29, 2004)

INTRODUCTION

Ethical business conduct is critical to our business. All of our employees and directors are expected to conduct themselves ethically and comply with applicable laws. This Code of Business Conduct and Ethics (the "Code") has been developed as a guide to our legal and ethical responsibilities.

Part of your job and ethical responsibility is to help enforce this Code. You should be alert to possible violations and report possible violations in accordance with the "Reporting Procedures" described below.

Violations of law, this Code or other company policies or procedures can lead to disciplinary action up to and including employment termination.

Please sign the acknowledgment form at the end of this Code and return the form to the Head of Human Resources.

COMPLIANCE WITH LAW

All employees, directors, agents, contractors and consultants must comply with all applicable laws, regulations, rules and regulatory orders. Employees located outside of the United States must comply with laws, regulations, rules and regulatory orders of the United States, including the Foreign Corrupt Practices Act and the U.S. Export Control Act (discussed in more detail below), in addition to applicable local laws. Each employee, director, agent, contractor and consultant must acquire appropriate knowledge of the requirements relating to his or her duties sufficient to enable him or her to recognize potential dangers and to know when to seek advice from our General Counsel. Violations of laws, regulations, rules and orders may subject the employee, director, agent, contractor or consultant to individual criminal or civil liability, as well as to discipline by Tercica. These violations may also subject Tercica to civil or criminal liability and/or the loss of business.

INSIDER TRADING

If a director, officer or any employee has material non-public information relating to Tercica, it is our policy that neither that person (nor any of his/her relatives) may buy or sell any Tercica securities or engage in any other action to take advantage of, or pass on to others, that information. This policy also applies to information relating to any other company, including our customers, partners, competitors or suppliers, obtained in the course of employment or business. Officers, directors and employees should also consult our Insider Trading Policy. Questions regarding insider trading should be addressed to the Chief Financial Officer or General Counsel.

PUBLIC DISCLOSURES

Under rules issued by the SEC under the Sarbanes-Oxley Act, public companies are required to maintain disclosure controls and procedures relating to their public reporting, with the goal of ensuring that information is accurately and quickly communicated to those individuals in the organization responsible for making and implementing public disclosure decisions. In the interests of quick and accurate public disclosure of relevant information, the SEC has recommended that companies establish disclosure committees with responsibility for considering the materiality of information and determining disclosure obligations. The Company has established a Disclosure Policy and Disclosure Committee to ensure the accurate and prompt flow of information for evaluation of the Company's SEC periodic public disclosures. The Committee encourages anyone who has information that may require public disclosure to communicate directly with the members of the Committee. The Disclosure Policy is intended to ensure that material information about the Company is accurately and quickly communicated to the Disclosure Committee. The Policy has been distributed to all members of the Company's management, and it is expected that each recipient will bear these responsibilities in mind in the daily commission of his or her duties for the Company. In addition, each member of management should continually monitor those operations of the Company for which they are responsible, to ensure that any information that they believe requires public disclosure is quickly communicated to a member of the Disclosure Committee.

PROHIBITION AGAINST SHORT SELLING OF COMPANY STOCK

No Tercica director, officer or other employee, agent, contractor or consultant may, directly or indirectly, sell any Tercica equity security, including derivatives, if he or she (1) does not own the security sold, or (2) if he or she owns the security, does not deliver it against such sale (a "short sale against the box") within twenty days thereafter, or does not within five days after such sale deposit it in the mails or other usual channels of transportation. Also, no Tercica director, officer or other employee, agent, contractor or consultant may engage in any other types of short sales. A short sale, for these purposes, means any transaction whereby one may benefit from a decline in the price of Tercica stock. Such transactions would not only violate this Code, but in many instances would also violate U.S. or local securities laws.

FOREIGN CORRUPT PRACTICES ACT

Tercica requires full compliance with the Foreign Corrupt Practices Act ("FCPA") by all of its employees, directors, agents, contractors and consultants. The anti-bribery and corrupt payment provisions of the FCPA make illegal any corrupt offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value to any foreign official, or any foreign political party, candidate or official, for the purpose of: influencing any act or failure to act, in the official capacity of that foreign official or party; or inducing the foreign official or party to use influence to affect a decision of a foreign government or agency, in order to obtain or retain business for anyone, or direct business to anyone.

All employees, directors, agents, contractors and consultants, whether located in the United States or abroad, are responsible for FCPA compliance and the procedures to ensure FCPA compliance. All managers and supervisory personnel are expected to monitor continued compliance

with the FCPA to ensure compliance with the moral, ethical and professional standards. FCPA compliance includes our policy on Maintaining and Managing Records discussed below.

Laws in most countries outside of the United States also prohibit or restrict government officials or employees of government agencies from receiving payments, entertainment, or gifts for the purpose of winning or keeping business. No contract or agreement may be made with any business in which a government official or employee holds a significant interest, without the prior approval of our General Counsel.

EXPORT CONTROLS

A number of countries maintain controls on the destinations to which products or software may be exported. Some of the strictest export controls are maintained by the United States against countries that the U.S. government considers unfriendly or as supporting international terrorism. The U.S. regulations are complex and apply both to exports from the United States and to exports of products from other countries, when those products contain U.S.-origin components or technology. Software created in the United States is subject to these regulations even if duplicated and packaged abroad. In some circumstances, an oral presentation containing technical data made to foreign nationals in the United States may constitute a controlled export. If you have questions, contact our General Counsel.

FREE AND FAIR COMPETITION

Most countries have well-developed bodies of law designed to encourage and protect free and fair competition. Tercica is committed to obeying both the letter and spirit of these laws. The consequences of not doing so can be severe for all of us. These laws often regulate our relationships with Tercica's distributors, resellers, dealers, and customers. Competition laws generally address the following areas: pricing practices (including price discrimination), discounting, terms of sale, credit terms, promotional allowances, secret rebates, exclusive dealerships or distributorships, product bundling, restrictions on carrying competing products, termination, and many other practices.

Competition laws also govern, usually quite strictly, relationships between Tercica and its competitors. As a general rule, contacts with competitors should be limited and should always avoid subjects such as prices or other terms and conditions of sale, customers, and suppliers. Employees, directors, agents, contractors or consultants may not knowingly make false or misleading statements regarding Tercica's competitors or the products of its competitors, customers or suppliers. Participating with competitors in a trade association or in a standards creation body is acceptable when the association has been properly established, has a legitimate purpose, and has limited its activities to that purpose.

You should never enter into an agreement or understanding, written or oral, express or implied, with any competitor concerning prices, discounts, other terms or conditions of sale, profits or profit margins, costs, allocation of product or geographic markets, allocation of customers, limitations on production, boycotts of customers or suppliers, or bids or the intent to bid or even discuss or exchange information on these subjects. In some cases, legitimate joint ventures with competitors may permit exceptions to these rules, but our General Counsel must review all such

proposed ventures in advance. These prohibitions are absolute and strict observance is required. Collusion among competitors is illegal, and the consequences of a violation are severe.

Although the spirit of these laws, known as “antitrust,” “competition,” or “consumer protection” or unfair competition laws, is straightforward, their application to particular situations can be quite complex. To ensure that Tercica complies fully with these laws, each of us should have a basic knowledge of them and should involve our General Counsel early on when questionable situations arise.

CONFLICTS OF INTEREST

Each of us has a responsibility to Tercica, its stockholders and each other. Although this duty does not prevent us from engaging in personal transactions and investments, it does demand that we avoid situations where a conflict of interest might occur or appear to occur. Tercica is subject to scrutiny from many different individuals and organizations. We should always strive to avoid even the appearance of impropriety.

Two factors that will be considered when determining whether a conflict of interest exists are: (1) whether the employee or director is or could be in a position to influence Tercica’s relationship with the competitor, supplier, or customer; and (2) whether the judgment of the employee or director could be affected, or could appear to be affected, as it relates to the competitor, supplier, or customer because of the significance of the personal interest of the employee or director. Conflicts of interest may also arise when an employee, officer or director (or his or her family members) receives improper personal benefits as a result of the employee's, officer's or director's position at Tercica.

Without limiting the general scope of this policy, the following relationships and courses of conduct will be considered to involve conflicts of interest unless in special circumstances they are specifically approved and compliance with this policy is waived (i) in the case of a director or executive officer, by our Board of Directors, and (ii) in all other cases, by our General Counsel:

- Making personnel decisions based on family or social relationships rather than based on objective job-related criteria.
- Serving as an employee, officer or director of a company that (a) is in direct competition with Tercica or (b) is a significant customer, supplier or contractor of Tercica (meaning a customer, supplier or contractor whose transactions with Tercica since the beginning of the last fiscal year, or whose currently proposed transactions with Tercica, exceed \$60,000).
- Having a direct or indirect material financial interest in any privately held company that (a) is in direct competition with Tercica or (b) is a significant customer, supplier or contractor of Tercica.
- Holding more than a 5% interest in any publicly held company that (a) is in direct competition with Tercica or (b) is a significant customer, supplier or contractor of Tercica.

- Lending money to, guaranteeing debts of, or borrowing money from a direct competitor or a significant customer, supplier or contractor of Tercica by or for an employee or director or an immediate relative of an employee or director.
- Knowingly and improperly using or disclosing to Tercica any proprietary information or trade secrets of any former or concurrent employer, or other person or entity with whom obligations of confidentiality exist.
- Unlawfully discussing prices, costs, customers, sales or markets with competing companies or their employees or directors, or making any unlawful agreements with respect to prices.
- Improperly using or authorizing the use of any inventions that are the subject of patent claims of any other person or entity.

With respect to Tercica directors only, any questions on whether a relationship or course of conduct constitutes a conflict of interest should be submitted to our Corporate Governance and Nominating Committee. If the Corporate Governance and Nominating Committee determines that a director's relationship or course of conduct may constitute a conflict of interest, it will so notify the director and specify a reasonable period of time in which the director can take steps to remedy the possible conflict. If the possible conflict is not remedied within the specified period of time, the relationship or course of conduct will be deemed to be a conflict of interest in violation of this policy unless the relationship or course of conduct is specifically approved and compliance with this policy is waived by our Board of Directors.

With respect to Tercica employees only, any other employment, consulting or other business activity must be disclosed to and approved by our General Counsel, in which case the activity will not be deemed to constitute a conflict of interest in violation of this policy.

Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts in your mind, you should consult our General Counsel.

BUSINESS RECORDS

Accuracy. Tercica requires its employees to honestly and accurately record and report financial and other business information in order to make responsible business decisions and full, fair, accurate, timely and understandable financial and other disclosures to regulatory agencies and the public. Tercica is legally required to maintain an effective system of internal controls to ensure that transactions are properly authorized, assets are safeguarded, financial records are reliable and operations are conducted in accordance with directives of the Board of Directors and management. All of our books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect Tercica's transactions and must conform both to applicable legal requirements and to our system of internal controls.

To maintain the integrity of the accounting records, all entries in Tercica's books and records must be prepared carefully and honestly and must be supported by adequate documentation to provide a complete, accurate, and auditable record. All employees have a responsibility to ensure

that their work is fair and accurate. No false or misleading entry may be made for any reason, and no employee may assist any other person in making a false or misleading entry.

Employees must timely communicate required information to our management to enable decisions regarding disclosure. Public statements and filings regarding our business and financial status must be true, accurate, complete, and not misleading in all material respects. Business records and communications often become public and all officers, directors and employees should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies.

Full disclosure reinforces responsibility and acts as a powerful deterrent to wrongdoing. Therefore, undisclosed or unrecorded transactions are not allowed for any purpose. Any employee having information or knowledge of any undisclosed or unrecorded transaction or the falsification of financial or any other records should report it promptly (see Reporting Procedures below).

Maintaining and Managing Records. We are required by local, state, federal, foreign and other applicable laws, rules and regulations to retain certain records and to follow specific guidelines in managing our records. Records include email, paper documents, CDs, computer hard disks, floppy disks, and all other media. Civil and criminal penalties for failure to comply with such guidelines can be severe for employees, directors, agents, contractors and Tercica, and failure to comply with such guidelines may subject the employee, director, agent, contractor or consultant to disciplinary action, up to and including termination of employment or business relationship at Tercica's sole discretion.

A legal hold suspends all document destruction procedures in order to preserve appropriate records under special circumstances, such as litigation or government investigations. Our General Counsel determines and identifies the types of company records or documents that are required to be placed under a legal hold. Every employee, director, agent, contractor and consultant must comply with this policy. Failure to comply with this policy may subject the employee, director, agent, contractor or consultant to disciplinary action, up to and including termination of employment or business relationship at Tercica's sole discretion.

Our General Counsel will notify you if a legal hold is placed on records for which you are responsible. You then must preserve and protect the necessary records in accordance with instructions from our General Counsel. **RECORDS OR SUPPORTING DOCUMENTS THAT HAVE BEEN PLACED UNDER A LEGAL HOLD MUST NOT BE DESTROYED, ALTERED OR MODIFIED UNDER ANY CIRCUMSTANCES.** A legal hold remains effective until it is officially released in writing by our General Counsel. If you are unsure whether a document has been placed under a legal hold, you should preserve and protect that document while you check with our General Counsel. If you have any questions about this policy you should contact our General Counsel.

CORPORATE OPPORTUNITIES

Employees, officers and directors may not exploit for their own personal gain opportunities that are discovered through the use of corporate property, information or position unless the

opportunity is disclosed fully in writing to our Board of Directors and the Board of Directors declines to pursue such opportunity.

CONFIDENTIAL OR COPYRIGHTED INFORMATION

Tercica Confidential Information. Tercica's confidential information is a valuable asset. Our confidential information includes product architectures; source codes; product plans and road maps; names and lists of customers and employees; and financial information. This information is the property of Tercica and may be protected by patent, trademark, copyright and trade secret laws. All confidential information must be used for Tercica business purposes only. Every employee, director, agent, contractor and consultant must safeguard it.

When you joined Tercica, you signed an agreement to protect and hold confidential Tercica's proprietary information. This agreement remains in effect for as long as you work for Tercica and after you leave Tercica. Under this agreement, you may not disclose Tercica's confidential information to anyone or use it to benefit anyone other than Tercica without the prior written consent of an authorized Tercica officer.

To further Tercica's business, from time to time, our confidential information may be disclosed to potential business partners. However, such disclosure should never be done without carefully considering its potential benefits and risks. If you determine in consultation with your manager and other appropriate management that disclosure of confidential information is necessary, you must then contact our General Counsel to ensure that an appropriate written nondisclosure agreement is signed prior to the disclosure. Tercica has standard nondisclosure agreements suitable for most disclosures that may be signed by an authorized officer if no provisions have been changed. **YOU MUST NOT SIGN ANOTHER COMPANY'S NONDISCLOSURE AGREEMENT OR MAKE OR ACCEPT CHANGES TO OUR TEMPLATE NONDISCLOSURE AGREEMENTS WITHOUT REVIEW AND APPROVAL BY OUR LEGAL DEPARTMENT. NONDISCLOSURE AGREEMENTS MAY ONLY BE SIGNED BY AN AUTHORIZED TERCICA EMPLOYEE.** Please label any and all documentation shared with or correspondence sent to our General Counsel or outside counsel as "Attorney-Client Communication."

Confidential Information of Others. You must take special care to handle the confidential information of others responsibly. We handle such confidential information in accordance with our agreements with such third parties. Confidential information may take many forms. An oral presentation about a company's product development plans may contain protected trade secrets. A customer list or employee list may be a protected trade secret. A demo of an alpha version of a company's new software may contain information protected by trade secret and copyright laws.

You should never accept information offered by another company that is represented as confidential, or which appears from the context or circumstances to be confidential, unless an appropriate nondisclosure agreement has been signed with the party offering the information. Our legal department provides and will coordinate appropriate execution of nondisclosure agreements. Even after a nondisclosure agreement is in place, you should accept only the information necessary to accomplish the purpose of receiving it, such as a decision on whether to proceed to negotiate a deal. If more detailed or extensive confidential information is offered and it is not necessary for your immediate purposes, it should be refused.

Once another company's confidential information has been disclosed to us, we have an obligation to abide by the terms of the relevant nondisclosure agreement and limit its use to the specific purpose for which it was disclosed and to disseminate it only to other employees with a need to know the information. Every employee, director, agent, contractor and consultant involved in a potential business relationship with another company must understand and strictly observe the restrictions on the use and handling of confidential information. When in doubt, consult our General Counsel.

You should never attempt to obtain a competitor's confidential information by improper means, and you should especially never contact a competitor regarding their confidential information. While we may interview and/or employ former employees of competitors, we recognize and respect the obligations of those employees not to use or disclose the confidential information of their former employers, and you should refrain from seeking such information.

You should never unlawfully take, obtain or use the information, material, products, intellectual property, or proprietary or confidential information of third parties, including suppliers, customers, business partners or competitors.

Copyrighted Information. Tercica subscribes to newsletters, reference works, online reference services, magazines, books, and other digital and printed works. Tercica also licenses copyrighted computer software. Copyright law generally protects these works, and their unauthorized copying and distribution constitute copyright infringement. Unauthorized duplication of copyrighted works violates the law and is contrary to our standards of conduct. You must first obtain the consent of the copyright holder before copying these works or significant parts of them. When in doubt about whether you may copy a publication, consult our General Counsel.

PROTECTION AND PROPER USE OF TERCICA'S ASSETS

Computers and Other Equipment. Tercica strives to furnish employees with the equipment necessary to efficiently and effectively do their jobs. You must care for that equipment and use it responsibly only for Tercica business purposes. While computers and other electronic devices are made available to employees to assist them to perform their jobs, all computers and electronic devices, whether used entirely or partially on Tercica's premises or with the aid of Tercica's equipment or resources, must remain fully accessible to Tercica and, to the maximum extent permitted by law, will remain the sole and exclusive property of Tercica. Any loss, misuse or suspected theft of computers or other equipment should be reported to a manager/supervisor or the Human Resources Department.

You are expected to use electronic communication devices in a legal, ethical and appropriate manner. You should not maintain any expectation of privacy with respect to information transmitted over, received by, or stored in any electronic communications device owned, leased, or operated in whole or in part by or on behalf of Tercica. To the extent permitted by applicable law, Tercica retains the right to gain access to any information received by, transmitted by, or stored in any such electronic communications device, by and through its employees, directors, agents, contractors, or representatives, at any time, either with or without an employee's or third party's knowledge, consent or approval.

All software used by employees to conduct company business must be appropriately licensed. Never make or use illegal or unauthorized copies of any software, whether in the office, at home, or on the road, since doing so may constitute copyright infringement and may expose you and Tercica to potential civil and criminal liability. In addition, use of illegal or unauthorized copies of software may subject the employee to disciplinary action, up to and including termination.

Company Funds and Employees. You are responsible for all Tercica funds and employees over which you exercise control. Tercica funds must be used only for company business purposes and Tercica employees must perform work only for company business purposes. You must take reasonable steps to ensure that Tercica receives good value for its funds spent, and must maintain accurate and timely records of each and every expenditure. Expense reports must be accurate and submitted in a timely manner. You must not use Tercica funds or employees for any personal or non-Tercica purpose or, without the prior written approval of our General Counsel and, if required, our Board of Directors, for political campaigns or other political practices.

PAYMENTS OR GIFTS FROM AND TO OTHERS

Under no circumstances may employees, directors, agents, contractors or consultants accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, or any opportunity for the commission of any fraud. Gifts that are worth less than \$100, infrequent business meals, celebratory events and entertainment, provided that they are not excessive or create an appearance of impropriety, do not violate this policy. Questions regarding whether a particular payment or gift violates this policy are to be directed to the Human Resources Department or our General Counsel.

Gifts given by Tercica to suppliers or customers or received from suppliers or customers should always be appropriate to the circumstances and should never be of a kind that could create an appearance of impropriety. The nature and cost must always be accurately recorded in our books and records. All such gifts must also be in compliance with the PhRMA Code and OIG Guidelines.

COMPANY SPOKESPERSONS

Specific policies have been established regarding who may communicate information to the press and the financial analyst community. All inquiries or calls from the press and financial analysts should be referred to our head of Corporate Communications or our Chief Financial Officer. Tercica has designated its Chief Executive Officer and Chief Financial Officer as our official spokespersons for financial matters. These spokespersons shall abide by SEC Regulation F-D. Tercica has designated the CEO, CFO and Senior Director, Public Relations and Investor Relations as our official spokespersons for marketing, technical and other such information. These designees are the only people who may communicate with the press on behalf of Tercica unless otherwise directed. All press releases and other public disclosures must be reviewed and approved by the CEO, CFO and General Counsel and in accordance with any applicable Tercica policy and procedure. Any employee or director publication or publicly made statement that might reasonably be perceived or construed as attributable to or relating to Tercica, and that is made outside the scope of his or her employment or directorship, must be reviewed and approved in writing in advance by

our General Counsel and must include a disclaimer that the publication or statement represents the views of the specific author and not of Tercica.

REPORTING PROCEDURES

One of Tercica's values is Genuineness. Accordingly, we strongly encourage you to freely discuss any complaint or conduct that you believe is improper with your supervisor, or with any of the following Reporting Designee (as you deem appropriate):

- ranking vice president of your group
- Head of Human Resources
- General Counsel
- CEO
- Chairperson of the Corporate Governance and Nominating Committee of the Board of Directors
- Chairperson of the Audit Committee of the Board of Directors (for violations regarding accounting, internal accounting controls, disclosure controls or auditing matters)

Examples of improper conduct are: discrimination; harassment; other violations regarding Tercica's policies, accounting, internal accounting controls, disclosure controls or auditing matters; fraud; abuse of Tercica's assets or violations of laws, regulations or the policies or standards in this Code.

If you want to anonymously report a complaint or conduct that you believe is improper, you may send a letter or use our anonymous compliance webpage, which is operated by an outside vendor. Please see our intranet for instructions on how to use Tercica's anonymous reporting procedures. ***No retaliatory action will be taken against employees making good faith reports.***

INVESTIGATIVE PROCEDURES

All good faith reports of misconduct will be taken seriously and will be subject to investigation and appropriate corrective actions. Upon learning of an allegation of misconduct, the Reporting Designee will inform the General Counsel and the CEO (unless the allegation concerns the General Counsel or CEO). As appropriate, the General Counsel, with CEO review, will conduct a timely, full and fair fact-finding to determine whether a violation has occurred. The General Counsel and CEO will timely inform the Chairperson of the Audit Committee of any misconduct allegations regarding accounting, internal accounting controls, disclosure controls or auditing matters; or the Chairperson of the Corporate Governance and Nominating Committee of any other allegations of material misconduct. The Chairpersons of the Audit Committee and Corporate Governance and Nominating Committee will timely inform the other members of their respective committees and the Board of Directors of any allegations of misconduct; provided that the Chairpersons will expedite such communications when it concerns allegations of material misconduct or allegations of misconduct pertaining to any officer (i.e., vice president or above) or any director.

If an allegation of misconduct concerns the CEO, the Reporting Designee will inform the General Counsel, who will inform the Chairman of the Board of Directors and either the Chairperson

of the Corporate Governance and Nominating Committee or Audit Committee (for violations regarding accounting, internal accounting controls, disclosure controls or auditing matters).

If an allegation of misconduct concerns the General Counsel, the Reporting Designee will inform the CEO, who will inform the Chairman of the Board of Directors and either the Chairperson of the Corporate Governance and Nominating Committee or Chairperson of the Audit Committee (for violations regarding accounting, internal accounting controls, disclosure controls or auditing matters).

If an allegation of misconduct concerns a Director, the Reporting Designee will inform the General Counsel and the CEO, who will inform the Chairman of the Board of Directors and either the Chairperson of the Corporate Governance and Nominating Committee or Chairperson of the Audit Committee (for violations regarding accounting, internal accounting controls, disclosure controls or auditing matters).

If an allegation of misconduct concerns the Chairman of the Board of Directors, the Reporting Designee will inform the General Counsel and CEO, who will inform either the Chairperson of the Corporate Governance and Nominating Committee or Chairperson of the Audit Committee (for violations regarding accounting, internal accounting controls, disclosure controls or auditing matters).

The Legal Department will ensure the confidentiality (i.e., on a need-to-know basis) and retention of all anonymous reports and investigative records.

DISCIPLINARY ACTIONS

The matters covered in this Code are of the utmost importance to Tercica, its stockholders and its business partners, and are essential to our ability to conduct our business in accordance with our stated values. We expect all of our employees, directors, agents, contractors and consultants to adhere to these rules in carrying out their duties for Tercica.

Tercica will take appropriate action against any employee, director, agent, contractor or consultant whose actions are found to violate any laws or regulations, these policies or any other company policies. Disciplinary actions may include immediate termination of employment or business relationship at Tercica's sole discretion. Where Tercica has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, Tercica will cooperate fully with the appropriate authorities.

WAIVERS AND AMENDMENTS OF THE CODE

Any waiver of any provision of this Code for a member of our Board of Directors or an executive officer, or any amendment of this Code, must be approved in writing by our Board of Directors and promptly disclosed pursuant to applicable laws and regulations. Any waiver of any provision of this Code with respect any other employee, agent, contractor or consultant must be approved in writing by our General Counsel.

ACKNOWLEDGMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS

I have received and read Tercica, Inc.'s Code of Business Conduct and Ethics (the "Code"), and I understand its contents. I acknowledge that the Code is a statement of policies for business conduct and does not, in any way, constitute an employment contract or an assurance of continued employment.

If I have questions concerning the Code or the Reporting Procedures process contained in the Code, or the legal and regulatory requirements applicable to my job, I know I can consult my supervisor, the ranking vice president of my group, the Chief Executive Officer, the Human Resources Department or our General Counsel, knowing that my questions or reports to these sources will be maintained in confidence as set forth in the Code.

Employee Name

Signature

Date

Please sign and return this form to the Head of Human Resources