

**CORPORATE GOVERNANCE GUIDELINES**  
**of**  
**VNUS MEDICAL TECHNOLOGIES, INC.**

VNUS Medical Technologies, Inc. (“**VNUS**” or the “**Company**”) operates within a comprehensive plan of corporate governance for the purpose of defining responsibilities, setting high standards of professional and personal conduct and assuring compliance with such responsibilities and standards. VNUS regularly monitors developments in the area of corporate governance. VNUS is committed to good business practices, transparency in financial reporting and the highest level of corporate governance.

VNUS has adopted a set of Corporate Governance Guidelines, including a policy regarding stockholder communication with non-management members of the Board of Directors (the “**Board**”), as well as specifications for director qualification and responsibility.

*Role of Board and Management*

VNUS’s business is conducted by its employees, managers and officers under the direction of the chief executive officer (the “**CEO**”) and the oversight of the Board to enhance the long-term value of the company for its stockholders. The Board is elected by the stockholders to oversee management and to assure that the long-term interests of the stockholders are being served. Both the Board and management recognize that the long-term interests of stockholders are advanced by responsibly addressing the concerns of other persons with a stake in VNUS and interested parties including employees, recruits, customers, suppliers, the community, government officials and the public at large.

*Director Qualification Standards*

The Governance and Nominating Committee is responsible for reviewing with the Board, on an annual basis, the appropriate characteristics, skills and experience required for the Board as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current Board members), the Governance and Nominating Committee, in recommending candidates for election, and the Board, in approving (and, in the case of vacancies, appointing) such candidates, take into account many factors, including the ability of a candidate to make independent analytical inquiries, the candidate’s general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today’s business environment, the candidate’s experience in the Company’s industry and with relevant social policy concerns, the candidate’s understanding of the Company’s business on a technical level, other board service and educational and professional background. Each candidate nominee must also possess fundamental qualities of intelligence, honesty, good judgment, high ethics and standards of integrity, fairness and responsibility. The Board evaluates each individual in the context of the Board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas. In determining whether to recommend a director for re-election, the Governance and Nominating

Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board.

#### *No Specific Limitation on Other Board Service*

The Board does not believe that its members should be prohibited from serving on boards of other organizations and has not adopted any guidelines limiting such activities, except with respect to members serving on the Audit Committee, as described below. However, the Governance and Nominating Committee and the Board will take into account the nature of and time involved in a director's service on other boards and/or committees in evaluating the suitability of individual director candidates and current directors and making its recommendations to the Company's stockholders.

Due to the demanding nature of service on the Audit Committee, the members of the Audit Committee should not serve on the audit committees of the boards of directors of more than two other public companies at the same time as they are serving on the Audit Committee. Service on more than three audit committees concurrently should trigger a Board determination and proxy disclosure of whether such simultaneous service impairs the individual's ability to serve VNUS.

#### *Directors Who Resign Their Current Positions With Their Company*

When a director, including any director who is currently an officer or employee of the Company, resigns or materially changes his or her position with his or her employer, such director should submit his or her resignation to the Board, which the Board may accept or reject based on the recommendation of the Governance and Nominating Committee.

#### *Director Responsibilities*

The business and affairs of the Company will be managed by or under the direction of the Board, including through one or more of its committees as set forth in the Company's bylaws and committee charters. Each director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. These include:

- (1) overseeing the conduct of the Company's business, to evaluate whether the business is being properly managed;
- (2) reviewing and, where appropriate, approving the Company's major financial objectives, plans and actions;
- (3) reviewing and, where appropriate, approving major changes in, and determinations of other major issues respecting, the appropriate auditing and accounting principles and practices to be used in the preparation of the Company's financial statements;
- (4) reviewing and, where appropriate, approving major changes in, and determinations under the Company's Corporate Governance Guidelines, Code of Business Conduct and Ethics and other Company policies recommended by the Governance and Nominating Committee;

- (5) reviewing and, where appropriate, approving actions to be undertaken by the Company that would result in a material change in the financial structure or control of the Company, the acquisition or disposition of any businesses or asset(s) material to the Company or the entry of the Company into any major new line of business;
- (6) together with the Compensation Committee, regularly evaluating the performance and approving the compensation of the Chief Executive Officer;
- (7) with the input of the Compensation Committee and the Chief Executive Officer, regularly evaluating the performance of principal senior executives;
- (8) with the input of the Governance and Nominating Committee and the Compensation Committee, planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for other key executives; and
- (9) ensuring that the Company's business is conducted with the highest standards of ethical conduct and in conformity with applicable laws and regulations.

#### *Committees of the Board*

The Board has established three committees comprised of members of the Board to assist the Board in discharging its responsibilities: (i) the Audit Committee; (ii) the Compensation Committee; and (iii) the Governance and Nominating Committee. The current charters and key practices of these committees are published on the corporate governance section of the Company's website and will be mailed to stockholders upon written request.

#### *Director Independence Standards*

The Board performs an analysis, at least annually, as to whether each member of the Board is independent. The Board has adopted the definition of "independence" as described under NASDAQ Rule 4200. In addition, members of the Audit Committee are to satisfy the definition of "independence" under Rule 10A-3 of the Securities Exchange Act of 1934. The Company will, however, utilize the phase-in time frames for applicable Board and committee composition and independence requirements provided by NASDAQ Rule 4200 and Rule 10A-3 of the Securities Exchange Act of 1934 following its initial public offering.

#### *Advance Receipt of Meeting Materials*

Information regarding the topics to be considered at a meeting is essential to the Board's understanding of the business and the preparation of the directors for a productive meeting. To the extent feasible, the meeting agenda and any written materials relating to each Board meeting will be distributed to the directors sufficiently in advance of each meeting to allow for meaningful review of such agenda and materials by the directors. Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting.

### *Director Attendance*

A director is expected to devote the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to regularly prepare for and attend meetings of the Board and all committees on which the director sits (including separate meetings of non-management directors and the independent directors), with the understanding that, on occasion, a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting, and, whenever possible, participate in such meeting via teleconference.

In furtherance of our objective to provide investors with open lines of communication to the directors, VNUS has adopted a policy that directors will make reasonable efforts to attend annual meetings of stockholders. Directors' attendance at annual meetings can provide investors with an opportunity to communicate with directors about issues affecting the company. In addition, VNUS discloses the number of directors who attend the annual meetings.

### *Separate Sessions of Non-Management Directors and Independent Directors*

The non-management directors will meet in executive session without management directors or management present on a periodic basis, but no less than twice per year. The name of the chair of such meetings will be published along with a means for stockholders to communicate with the non-management directors. The non-management directors will review the Company's implementation of and compliance with the Company's Corporate Governance Guidelines and consider such matters as they may deem appropriate at such meetings. Non-management directors are all directors who are not company officers (as that term is defined in Rule 16a-1(f) under the Securities Act of 1933), including such directors who are not independent by virtue of a material relationship, former status or family membership, or for any other reason.

In addition, if the non-management directors include directors who are not also "independent" as described under NASDAQ Rule 4200, the directors who are "independent" thereunder shall also meet separately at least once per year in executive session.

### *Compensation*

The Company's executive officers shall not receive additional compensation for their service as directors. The Board, through the Compensation Committee, will review, with the assistance of management or outside consultants, if desired, appropriate compensation policies for the directors serving on the Board and its committees. This review may consider board compensation practices of comparably-sized public companies, contributions to Board functions, service as committee chairs and other appropriate factors.

### *Related Party Transactions*

VNUS gives careful attention to its review and disclosure of "related party" transactions – namely, transactions between VNUS and its directors or executive officers, as defined by Item 404 of Regulation S-K of the Securities Act of 1933. Existing related party transactions are

reviewed on an ongoing basis, but not less than annually, with the goals of ensuring that such transactions are being pursued in accordance with all of the understandings and commitments made at the time they were previously approved, ensuring that payments being made with respect to such transactions are appropriately reviewed and documented and reaffirming the continuing desirability of and need for each related party arrangement.

Newly proposed related party transactions are fully and carefully reviewed by the independent directors for evaluation and approval. The independent directors have the authority to hire and consult with outside financial, legal and other advisors as they deem appropriate in their evaluation of any such proposed transactions. The information provided to the directors reviewing a transaction must be sufficiently comprehensive so that Board members can reach informed decisions about related party transactions.

In addition, the Board takes active measures to ensure that the entities providing these related party services are being held to the same standards VNUS would demand of unaffiliated third party service providers and there is a clear and articulable reason for procuring the service from a related party.

#### *Board Access to Senior Management*

The Board will have complete access to Company management in order to ensure that directors can ask any questions and receive all information necessary to perform their duties. Directors should exercise judgment to ensure that their contact with management does not distract managers from their jobs or disturb the business operations of the Company. Such contact, if in writing, should be copied to the Chief Executive Officer of the Company.

#### *Board Access to Independent Advisors*

The Board committees may hire independent advisors as set forth in their applicable charters. The Board as a whole shall have access to such advisors and such other independent advisors that the Company retains or that the Board considers necessary to discharge its responsibilities.

#### *Stockholder Communication with the Board*

VNUS provides a process for stockholders to send communications to the Board, the non-management members as a group, or any of the directors individually. Stockholders may contact any of our directors, including our non-management directors, by writing to them c/o Director, Human Resources, VNUS Medical Technologies, Inc., 5799 Fontanoso Way, San Jose, California 95138, by emailing them at [boardofdirectors@VNUS.com](mailto:boardofdirectors@VNUS.com) or by calling (408) 360-7212. All communications will be compiled by VNUS' Manager of Human Resources and submitted to the Board or the individual directors on a periodic basis.