

INSIDER TRADING POLICY

1. INTRODUCTION

In conducting the business of GenVec, Inc. (“GenVec”), Insiders may from time to time obtain Material Nonpublic Information regarding GenVec or other companies. Directors and employees may be sued civilly either by the Securities and Exchange Commission (“SEC”) or by private litigants if they trade in securities while in possession of Material Nonpublic Information concerning the issuer of the securities. They also may be charged with a criminal violation. In recent years, the SEC and United States Attorneys have aggressively investigated and prosecuted persons who engaged in insider trading or tipped others.

The penalties for trading on Material Nonpublic Information are stiff. Under the Insider Trading Sanctions Act of 1984, courts are allowed to impose fines of up to three times the profit gained or loss avoided on such transactions. This is in addition to surrendering the actual unlawful profits.

Under the Insider Trading and Securities Fraud Enforcement Act of 1988, the SEC also is authorized to seek civil penalties against persons and entities that control violators. Under this provision, either GenVec, members of management or directors could be penalized as controlling persons in amounts up to the greater of \$1,000,000 or three times the amount of the profits of the controlled person who engages in unlawful insider trading. Such penalties may be imposed if the SEC can establish that the “controlling person knew or recklessly disregarded the fact that [the] controlled person was likely to engage in the act or acts constituting the violation and failed to take appropriate steps to prevent such act or acts before they occurred [.]”

When the SEC and the United States Attorney decide to pursue an insider trading violation criminally, the result can be not only severe monetary penalties (fines up to \$5,000,000) but also up to a 20-year jail term.

The SEC and NASDAQ employ sophisticated computer-assisted enforcement techniques to monitor securities trading and detect automatically unusual trading patterns or volumes, particularly in advance of significant (positive or negative) announcements. Thus, the odds that unlawful trading will be detected are far greater than is commonly realized.

2. PROHIBITION

A. Use of Material, Nonpublic Information by GenVec Directors and Employees

GenVec’s policy is that no director, officer or employee of, or consultant or contractor to, the Company and no member of the immediate family or household of any such person shall effect any transaction (whether a purchase or a sale) in (1) GenVec stock while he or she is in possession of Material Nonpublic Information about GenVec or (2) any security of another public company while in possession of Material Nonpublic Information about the company which has become known to him or her in the course of his or her employment or position with GenVec. In addition, the policy also forbids trading in derivatives of GenVec’s securities, including, but not limited too, trading in

put or call options related to GenVec’s securities. The policy also forbids such purchases or sales made by another person, on the basis of such Material Nonpublic Information, for the benefit of or at the request of the GenVec employee. When in doubt, the information involved should be presumed to be material and not to have been disclosed to the public.

B. Non-Disclosure of Material, Nonpublic Information

GenVec’s policy also forbids “tipping” others as to the desirability of buying or selling securities (or options) on the basis of such confidential information. Recommending sales or purchases of the securities to which the Material Nonpublic Information relates, even without disclosing the basis for the recommendation, is prohibited. This applies to “tipping” one’s spouse or other relatives as well as anyone else. It is illegal under the federal securities laws to disclose (or “tip”) material, nonpublic information to another person who subsequently uses that information to his or her profit in effecting securities transactions.

Consequently, GenVec directors, officers and employees must not disclose inside information (or any other confidential information) to another person unless (i) that person has a need to know such information in connection with his or her employment or supervisory responsibilities within GenVec, (ii) that person is employed by a firm retained by GenVec (i.e., a law, accounting or other firm) and such person needs to know the information in connection with the services that his or her firm is providing to GenVec, or (iii) that person is employed by a company that has entered into a confidentiality agreement with GenVec and needs to know the information in connection with the matter that is the subject of the agreement.

3. WHEN INFORMATION IS “MATERIAL”

In general, information is “*material*” if its disclosure to the public would likely affect investors’ decisions to purchase or sell the securities of the company in question or might have an effect on the market for the company’s securities generally. It is not possible to define all categories of material information. At all times, information relating to the financial condition of a company should be presumed to be material information. While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information may include:

- Unpublished financial reports or projections;
- Declaration of stock splits and stock dividends, or changes in dividend policy;
- Execution or termination of significant license agreements or other contracts with suppliers, customers and other business partners;
- Defaults under agreements or actions by creditors, customers, or suppliers relating to a company’s credit standing;

- Major changes in previously disclosed financial information;
- The possibility of mergers, acquisitions, or takeovers or the possible initiation of a proxy fight;
- Information about current or proposed significant changes in operations or business plans (such as marketing and pricing plans), or about significant financial restructuring;
- Extraordinary borrowings;
- Impending bankruptcy or financial liquidity problems;
- Significant changes in management or relations among major stockholders, customers, or suppliers;
- The construction, purchase or sale of substantial assets;
- The possibility of a private or public offering of securities;
- Significant changes in sources or availability of suppliers;
- Patent or other intellectual property milestones;
- Regulatory developments or clinical results and data;
- New product announcements of a significant nature;
- Timing of product introductions; and
- Significant disputes, claims or litigation or litigation developments.

4. WHEN INFORMATION IS NONPUBLIC

Information that has not been disclosed to the public generally is nonpublic. Either positive or negative information may be material. To show that information is public, you should be able to point to some evidence that it is widely disseminated. Information generally would be deemed widely disseminated if it has been disclosed, for example, in the Dow Jones broad tape; newswire services such as AP, UPI or Reuters; radio or television; newspapers or magazines; or widely circulated public disclosure documents filed with the SEC, such as prospectuses, 10-Q, 8-K or 10-K reports. On the other hand, information may be nonpublic if it is available only to certain employees of an issuer or to a select group of analysts, brokers and institutional investors.

5. SAFEGUARDING CONFIDENTIAL INFORMATION

Determinations of materiality are complex and difficult, and depend upon an analysis of complex facts and circumstances. You should assume that any confidential information you possess, about GenVec or any other public company is material.

In order to safeguard GenVec's confidential information, and to minimize the possibility that an employee will violate the law or this policy, the following guidelines should be followed:

- All confidential information relating to GenVec business should be handled on a need-to-know basis. Such information should not be discussed with any person who does not need to know such information for purposes of conducting GenVec business. Friends and relatives are among the persons with whom confidential information should **not** be discussed.
- Whenever confidential information must be disclosed to an employee or representative, the recipient of such information should be apprised of the confidential nature of the information.
- Confidential information should not be discussed on Internet bulletin boards, or in hallways, elevators or other public places (such as airplanes or restaurants) where conversations might be overheard and inadvertent disclosure should not be made through speakerphone discussions that can be overheard.
- In order to prevent access by unauthorized persons, confidential documents should be stored appropriately when not being used, and other appropriate precautions should be taken. These may include using sealed envelopes, marking documents "Confidential", shredding documents, and using secret access codes and other appropriate computer security measures.
- Employees who have **any** doubt about whether they possess Material Nonpublic Information regarding GenVec or any other company should not disseminate such information to anyone outside the company and should consult the Company's Chief Financial Officer, who has been designated as GenVec's Compliance Officer.

6. DUTIES OF COMPLIANCE OFFICER

The duties of the Compliance Officer shall include, but not be limited to, the following:

- Pre-clearing all transactions involving the Company's securities in order to determine compliance with the Policy, insider trading laws, Section 16 of the Securities Exchange Act of 1934, as amended ("Exchange Act") and Rule 144 promulgated under the Securities Act of 1933, as amended.
- Assisting in the preparation and filing of Section 16 reports (Forms 3, 4 and 5) for all persons who are subject to Section 16 of the Securities Exchange Act (those directors and executive officers who are required to file Forms 3, 4, and 5) ("Section 16 Individuals").

- Serving as the designated recipient at the Company of copies of reports filed with the Securities and Exchange Commission by Section 16 Individuals under Section 16 of the Exchange Act.
- Mailing periodic reminders to all Section 16 Individuals regarding their obligations to report and reminders of the dates that the trading window opens and closes.
- Performing periodic cross-checks of available materials, which may include Forms 3, 4 and 5, Form 144, officers and directors questionnaires, and reports received from the Company's stock administrator and transfer agent, to determine trading activity by officers, directors and others who have, or may have, access to Material Inside Information.
- Circulating the Policy (and/or a summary thereof) to all employees, including Section 16 Individuals, and providing the Policy and other appropriate materials to new officers, directors and others who have, or may have, access to Inside Information.
- Assisting the Company in the implementation of the Policy.
- Coordinating with Company counsel regarding compliance activities with respect to Rule 144 requirements and regarding the change of requirements and recommendations for compliance with Section 16 of the Exchange Act and insider trading laws to ensure that the Policy is amended as necessary to comply with such requirements.

7. COMPLIANCE WITH POLICY

In order to ensure that all GenVec directors and employees are aware of and comply with GenVec's Insider Trading Policy, each employee and director will be asked to certify annually that he or she has received the Policy, read it, understands it, and agrees to comply with it. Please be reminded that compliance with all GenVec policies is a term and condition of employment.

GenVec will investigate any circumstances that come to its attention indicating that any director or employee has engaged, or is likely to engage, in conduct that violates the policies and procedures set forth in the Policy.

ANY PURCHASES, SALES, OR "TIPS" IN CONTRAVENTION OF THIS POLICY WILL BE THE SUBJECT OF DISCIPLINARY ACTION THAT COULD INCLUDE TERMINATION OF EMPLOYMENT AND MAY ALSO SUBJECT THE INDIVIDUAL TO CIVIL OR CRIMINAL SANCTIONS.

This Policy Statement is not intended to provide an exhaustive list of either the Material Nonpublic Information that employees or directors may have about GenVec (or other public companies) or the appropriate procedures for safeguarding Material Nonpublic Information. Employees should consult the Company's Compliance Officer when in any doubt. Any

questions with respect to the applicability of this policy to any information or transaction should be discussed **before** and not **after** any action.

8. PERSONAL SECURITIES TRANSACTIONS

The law requires GenVec, as a possible “controlling person”, to adopt policies and procedures reasonably designed to prevent unlawful insider trading. Accordingly, GenVec has adopted the following procedures for personal securities transactions by employees and directors:

- No person may purchase or sell any security of any other company about which he or she possesses Material Nonpublic Information.
- No person may purchase or sell any derivatives of GenVec’s securities, including, but not limited to, put or call options relating to GenVec’s securities.
- Except as described in d. below, all transactions (purchases or sales) in GenVec stock (including cashless exercises of options using GenVec stock and the sale of GenVec stock acquired pursuant to options) must be approved in advance by the Company’s Compliance Officer. Approvals will be effective for only one trading day, and the Compliance Officer will make and retain a written record of the approval.
- During the period **beginning on the third business day and ending on the fifteenth business day following the public release of quarterly and annual earnings information by GenVec**, when advised by the Compliance Officer via email, employees and directors may purchase or sell GenVec stock, assuming they are not otherwise in possession of Material Nonpublic Information. In addition, the Company has the right to impose special black-out periods during which certain or all persons will be prohibited from trading any securities or derivative securities of the Company, even though the trading window, as described herein, would otherwise be open.
- For purposes of these procedures, personal securities transactions include the securities transactions of your family members and the securities transactions of accounts over which you or your family members exercise investment discretion or control. Family members consist of your spouse or domestic partner, any minor children, older children living in your home, older children primarily reliant on you for financial support, and any other relatives (by marriage or otherwise) **living in your household**. You are responsible for the compliance with these rules by your family members and must report or seek approval of their personal securities transactions, as appropriate, as if such transactions were for your own account. This Policy does not, however, apply to personal securities transactions of family members where the purchase or sale decision is made by a third party not controlled by or related to you or your family members.
- Trades pursuant to a Rule 10b5-1 trading plan will not violate this Policy. SEC Rule 10b5-1 provides an affirmative defense to insider trading liability where it is evident that Material Nonpublic Information known to the person trading did not play a role in trading decisions. In order to take advantage of these defenses:

- First, the trading plan must be adopted, or take effect, when the trader is not aware of any Material Nonpublic Information about the Company.
- Second, the plan must either (1) expressly specify the amount, price, and date of trades; (2) provide a written formula or algorithm, or computer program, for determining amounts, prices, and dates; or (3) give all discretion regarding the power to execute securities transactions pursuant to the plan to a third party who does not possess Material Nonpublic Information.
- Third, the trader must demonstrate that the purchase or sale that occurred was pursuant to the plan. A purchase or sale would not be pursuant to the plan if, among other things, the trader altered or deviated from the plan or entered into or altered a corresponding or hedging transaction or position with respect to those securities.

Insiders must make their own arrangements with brokers to establish 10b5-1 trading plans. Any Rule 10b5-1 trading plan, however, should be in writing and should be submitted to the Compliance Officer for review prior to its execution.

Section 16 Individuals are reminded of their reporting obligations and possible liability to GenVec for “short-swing profits” for transactions in GenVec stock (including options). If you have any questions in this regard, please contact the Company’s Compliance Officer **before** buying or selling GenVec stock. Those persons designated as Section 16 Individuals will be amended from time to time as appropriate to reflect the election of new officers and directors, any change in function of current officers and the resignation or departure of current officers or directors.