

INTERMUNE, INC.

CHARTER OF THE AUDIT AND COMPLIANCE COMMITTEE OF THE BOARD OF DIRECTORS

(Amended March 2008)

Purpose and Policy:

The purpose of the Audit and Compliance Committee (the “Committee”) of the Board of Directors (the “Board”) of **INTERMUNE, INC.**, a Delaware corporation (the “Company”), shall be to act on behalf of the Board in fulfilling the oversight responsibilities regarding:

- corporate accounting and financial reporting processes;
- systems of internal accounting and financial controls and audits of financial statements;
- quality and integrity of financial statements and reports;
- qualifications, independence and performance of the firm or firms of certified public accountants engaged as independent outside auditors (the “Auditors”); and
- corporate compliance, including ensuring the confidential receipt, retention and consideration of any report of evidence of a material violation by the Company or any officer, director, employee or agent of the Company by attorneys appearing and practicing before the Securities and Exchange Commission (the “SEC”).

The policy of the Committee shall be to maintain and foster open communication between the Committee and the Board, the Auditors and the Company’s financial management.

Composition:

The members of the Committee and its Chairman shall be appointed by and serve at the discretion of the Board, taking into consideration the recommendations of the Corporate Governance and Nominating Committee. The Committee shall consist of at least three (3) members of the Board; provided, that if at any time there is a vacancy on the Committee and the remaining members meet all membership requirements, then the Committee may consist of two members until the earlier of the Company’s next annual stockholders meeting or one year from the occurrence of the vacancy. The members of the Committee shall satisfy any independence and financial literacy requirements set forth in the National Association of Securities Dealers Marketplace Rules (“NASD Rules”) required of companies that trade on the Nasdaq Stock Market and applicable regulations of the SEC, and shall not have participated in the preparation of the financial statements of the company or any current subsidiary of the company at any time during the past three years. At least one (1) member shall satisfy the applicable financial sophistication requirements of the NASD Marketplace Rules and at least one (1) member shall be an “audit committee financial expert” within the definition adopted by the SEC.

The Secretary of the Company shall be the Secretary of the Committee. The Secretary shall keep minutes and records of all meetings of the Committee. In the event that either the Chairman or the Secretary is absent from any meeting, the members present shall designate any director present to act as Chairman and shall designate any director, officer or employee of the Company to act as Secretary.

Functions and Authority:

The operation of the Committee shall be subject to the Bylaws of the Company, as in effect from time to time, and Section 141 of the Delaware General Corporation Law. The Committee shall oversee the Company's financial reporting process on behalf of the Board. The Auditors shall report directly and be accountable to the Committee. As it deems necessary or appropriate in the performance of its duties and at the expense of the Company, the Committee shall have authority to pay ordinary administrative expenses and retain and determine compensation (at the expense of the Company) for special legal, accounting or other advisors or consultants. The Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder.

Subject to applicable laws and rules, the Committee shall have the full power and authority to carry out the following responsibilities; however, the Committee may supplement or deviate from these activities as appropriate.

1. *Evaluation and Retention of Auditors.* To appoint, compensate (at the expense of the Company), retain and oversee the Auditors (including resolving disagreements between management and the Auditors regarding financial reporting), to evaluate the performance and qualifications of the Auditors, and to determine whether to retain the existing Auditors or to appoint and engage new auditors for the ensuing year.

2. *Approval of Audit Engagements.* To determine and approve engagements of the Auditors prior to commencement of such engagements to perform all proposed audits, review and attest services, including the scope of the audits, the compensation and dollar limits for services to be paid to the Auditors and, on behalf of the Company, the negotiation and execution of the Auditors' engagement letters. The engagements may be approved pursuant to preapproval policies and procedures established by the Committee, including the delegation of preapproval authority to one or more Committee members ("Preapproval Policies"), so long as any such preapproval decisions are presented to the full Committee at the next scheduled meeting.

3. *Approval of Non-Audit Services.* To determine and approve engagements of the Auditors for permissible non-audit services prior to commencement of such engagements (unless in compliance with exceptions available related to immaterial aggregate amounts of services), taking into consideration whether the provision of such services is compatible with maintaining the independence of the Auditors.¹ Such engagements may be approved pursuant to Preapproval Policies, so long as any such preapproval decisions are presented to the full Committee at the next scheduled meeting.

¹ See Rule 2-01(c)(4)(ii) of Regulation S-X and Item 9(e)(4) of Schedule 14A.

4. *Audit Partner Rotation.* To monitor the rotation of the partners of the Auditors in accordance with requirements established by the SEC.

5. *Auditor Conflicts.* At least annually, to receive and review written statements from the Auditors delineating all relationships between the Auditors and the Company, consistent with Independence Standards Board Standard No. 1, to consider and discuss with the Auditors any disclosed relationships and any compensation or services that could affect the Auditors' objectivity and independence, and to assess and otherwise take appropriate action to oversee the independence of the Auditors.

6. *Audited Financial Statement Review.* To review, upon completion of the audit, the financial statements proposed to be included in the Company's Annual Report on Form 10-K to be filed with the Securities and Exchange Commission ("SEC") and to recommend whether or not such financial statements should be so included.

7. *Annual Audit Results.* To discuss with management and the Auditors the results of the annual audit, including the Auditors' assessment of the quality, not just acceptability, of accounting policies and procedures, the reasonableness of significant judgments and estimates (including material changes in estimates), any material audit adjustments proposed by the Auditors and any adjustments proposed but not recorded, the adequacy of the disclosures in the financial statements and any other matters required to be communicated to the Committee by the Auditors under generally accepted auditing standards.

8. *Quarterly Results.* To review and discuss with management and the Auditors the results of the Auditors' review of the Company's quarterly financial statements and quarterly reports on Form 10-Q, including the disclosures contained under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to public disclosure of quarterly financial information and filing with the SEC, and any other matters required to be communicated to the Committee by the Auditors under generally accepted auditing standards.

9. *Earnings Press Releases and Earnings Release Conference Call Scripts.* To review and discuss with management and the Auditors, as appropriate, earnings press releases, as well as the substance of financial information and earnings guidance provided to analysts and ratings agencies (*e.g.*, earnings release conference call scripts).

10. *Risk Assessment and Management.* To review and discuss with management and the Auditors, as appropriate, the Company's guidelines and policies with respect to risk assessment and risk management, including the Company's major financial risk exposures and the steps taken by management to monitor and control these exposures.

11. *Management Cooperation with Audit.* To evaluate the cooperation received by the Auditors during their audit examination, including a review with the Auditors of any significant difficulties with the audit or any restrictions on the scope of their activities or access to required records, data and information, significant disagreements with management and management's response, if any.

12. *Management Letters.* To review and discuss with the Auditors and, if appropriate, management, any management or internal control letter issued or, to the extent practicable, proposed to be issued by the Auditors and management's response, if any, to such letter, as well as any additional material written communications between the Auditors and management.

13. *Disagreements Between Auditors and Management.* To review and discuss with management and the Auditors any material conflicts or disagreements between management and the Auditors regarding financial reporting, accounting practices or policies and to resolve any conflicts or disagreements regarding financial reporting.

14. *Internal Control Over Financial Reporting.* To confer with management and the Auditors regarding the scope, adequacy and effectiveness of internal control over financial reporting including any special audit steps and remediation taken in the event of material control deficiencies, responsibilities, budget and staff of the internal audit function and review of the appointment or replacement of the senior internal audit executive or manager.

15. *Critical Accounting Policies.* Review and discuss annually reports from the independent auditors on:

(a) All critical accounting policies and practices to be used.

(b) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.

16. *Separate Sessions.* To meet in separate sessions with the Auditors, the internal auditors or other personnel responsible for the internal audit function and management to discuss any matters that the Committee, the Auditors, the internal auditors or management believe should be discussed privately with the Committee.

17. *Corporate Compliance.* To oversee the development, implementation, administration and enforcement of the Company's compliance programs to ensure that the Company is in compliance with its policies and all applicable laws and regulations, and to discuss with the Company's General Counsel or outside counsel any legal matters (including regulatory matters) brought to the Committee's attention that could reasonably be expected to have a material impact on the Company's financial statements and make recommendations to the Board concerning the foregoing.

18. *Code of Business Conduct and Ethics.* To direct management to implement a process to enforce the Company's Code of Business Conduct and Ethics and provide for prompt communication of violations of the Code of Business Conduct and Ethics to the Committee.

19. *Complaint Procedures and Reports of Material Violations.*

(a) To direct management to implement procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting

controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters and to direct management to promptly inform the Committee of any such complaints regarding accounting, internal controls, audit matters or violations of state/federal laws received from inside or outside the Company, including complaints anonymously received from employees. The Committee shall direct management to protect employees from harassment, threats, or change in employment status resulting from any good faith communication of such a complaint. Any proposed changes in employment status of an individual who has made a good faith communication of such a complaint must be reviewed by the Committee.

(b) To serve as the Company's Qualified Legal Compliance Committee within the meaning of Rule 205.2(k) of Title 17, Chapter II of the Code of Federal Regulations (the "Rules of Professional Conduct") for the confidential receipt, retention and consideration of any report of evidence of a material violation under Rule 205.3 of the Rules of Professional Conduct as set forth in the written procedures attached hereto as Appendix A, which have been adopted by the Committee. The Committee shall have the authority and responsibility to inform the Chief Executive Officer and the General Counsel of any such reports.

20. *Related Party Transactions.* To conduct review and oversight over all related party transactions for potential conflicts of interest situations on an ongoing basis.²

21. *Investigations and Recommendations.* To investigate, oversee management's investigation or engage third parties to investigate any matter brought to the attention of the Committee within the scope of its duties if, in the judgment of the Committee, such investigation is necessary or appropriate. The Committee shall, in its capacity as the Company's QLCC, have the authority and responsibility to initiate investigations, provide notices, including notices to the SEC, FDA and other regulatory authorities, and to make recommendations to the Company of appropriate remedial or other appropriate actions in response to any reported evidence of a material violation under the Rules of Professional Conduct and otherwise carry out its responsibilities as a QLCC as set forth in the Rules of Professional Conduct.

22. *Proxy Report.* To oversee management's preparation of the report required by SEC rules to be included in the Company's annual proxy statement, including an annual stockholder ratification of the Auditors' engagement by the Committee.

23. *Annual Charter Review.* To review and assess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.

24. *Self-Assessment.* To assess on a regular basis the effectiveness of the Committee.

25. *General Authority.* To perform such other functions and to have such powers as may be necessary or appropriate in the efficient and lawful discharge of the foregoing and of any applicable laws and/or regulations.

It shall be the responsibility of management to prepare the Company's financial

² See NASD Rule 4350(h). Note that Rule 4350(h) provides that such ongoing review may be performed by the company's audit committee or another independent body of the board of directors.

statements and periodic reports and the responsibility of the Auditors to audit those financial statements. These functions shall not be the responsibility of the Committee, nor shall it be the Committee's responsibility to ensure that the financial statements or periodic reports are complete and accurate, conform to GAAP or otherwise comply with applicable laws.

Meetings:

The Committee shall hold such regular or special meetings as its members shall deem necessary or appropriate. The Committee shall have authority to require that any of the Company's personnel, counsel, Auditors or investment bankers, or any other consultant or advisor to the Company attend any meeting of the Committee or meet with any member of the Committee or any of its special legal, accounting or other advisors and consultants.

Minutes and Reports:

Minutes of each meeting of the Committee shall be kept and distributed to each member of the Committee, members of the Board who are not members of the Committee and the Secretary of the Company. The Committee shall report to the Board from time to time, or whenever so requested by the Board.

Appendix A

INTERMUNE, INC.

Procedures for Reports of Material Violations Under Section 205 of Title 17, Chapter II of the Code of Federal Regulations

Statement of Purpose

The purpose of this document is to establish the procedures for reporting violations of any applicable United States federal or state securities law, a material breach of a fiduciary duty arising under the United States federal or state law, or a similar violation of any United States federal or state law (a “material violation”) under Section 205 of Title 17, Chapter II of the Code of Federal Regulations (“Rules of Professional Conduct”).

Objectives

The Audit Committee of the Board of Directors shall serve as the Company’s Qualified Legal Compliance Committee, within the meaning of Rule 205.2(k) of the Rules of Professional Conduct, to provide a clear mechanism for the confidential receipt, retention and consideration of any report of evidence of a material violation by the Company or any officer, director, employee or agent of the Company by attorneys appearing and practicing before the Securities and Exchange Commission (“SEC”).

Procedures

1. If the General Counsel or Chief Executive Officer (or equivalents thereof) receives a report of evidence of a material violation by the Company or any officer, director, employee or agent of the Company, the General Counsel may refer the report of evidence of a material violation to the Committee, and inform the reporting attorney of the referral, or cause an inquiry to be conducted.
2. An attorney appearing and practicing before SEC may submit a report directly to the Committee through any member of the Committee. The Committee shall inform the Chief Executive Officer and the General Counsel of the report. The members of the Committee and the Chief Executive Officer, the General Counsel and any outside experts retained to conduct an investigation shall keep the information provided in the report and the identity of the attorney making the report confidential, except as reasonably necessary to conduct an investigation or take any other appropriate action.
3. The Committee shall consider the report and determine if an investigation is necessary or appropriate.

4. If the Committee determines that the report warrants an investigation, the Committee shall notify the full Board of Directors and initiate the investigation. The investigation may be conducted by the General Counsel or the Committee may retain an outside attorney or attorneys. The Committee may also retain any additional external expert or experts, as it deems necessary for the timely, full and fair fact-finding to determine whether a material violation has occurred.
5. The General Counsel or outside attorney or attorneys and any external expert or experts shall report their findings to the Committee.
6. The Committee shall consider the appropriate responses and actions to the findings, including adopting appropriate remedial measures, and make recommendations to the Company and take all other appropriate action.
7. The Committee shall notify the full Board of Directors, the Chief Executive Officer, the General Counsel and the originating attorney of the action.
8. The Committee may, in its sole discretion, notify the SEC if the Company fails in any material respect to implement an appropriate response recommended by the Committee.