

INTERMUNE, INC.

CHARTER OF THE COMPENSATION AND GOVERNANCE AND NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS (Updated as of March 2008)

Purpose:

The purpose of the Compensation and Governance and Nominating Committee (the “Committee”) of the Board of Directors (the “Board”) of InterMune, Inc., a Delaware corporation (the “Company”), shall be (1) to approve the type and level of compensation for directors, officers and employees of the Company and to administer the Company’s stock option plans (the “Stock Option Plans”) and other incentive compensation and benefits plans, (2) to develop and implement policies and procedures regarding and to oversee corporate governance matters, including the evaluation of Board performance and processes, (3) to recommend qualified candidates for election to the Board by the stockholders and (4) to perform such other functions as may be deemed necessary or convenient in the efficient and lawful discharge of the foregoing.

Composition:

The Committee shall be comprised of a minimum of two (2) members of the Board, all of whom shall be “independent” directors as such term is defined in Rule 4200(a) of the Marketplace Rules of the Nasdaq Stock Market, as may be amended periodically, and by any applicable Securities Exchange Commission (“SEC”) regulations. The members of the Committee and its Chairman will be appointed by and serve at the discretion of the Board.

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 have the full power and authority to carry out the following responsibilities:

Compensation and Benefits

- 1.** To administer the various incentive compensation and benefit plans, including the Stock Option Plans, and to grant stock options under the Stock Option Plans.
- 2.** To approve the compensation for officers and employees of the Company including, but not limited to annual salary, bonus, stock options, and other direct or indirect benefits as follows:

- a. reviewing and recommending to the Board for approval, corporate performance goals and objectives relevant to the compensation of the Company's Executive Officers (as that term is defined in Section 16 of the Exchange Act and Rule 16a-1 thereunder) and other senior management, as appropriate;
- b. reviewing compensation for executive officers who may be "covered employees" under Section 162(m) of the Internal Revenue Code and overseeing compliance with Section 162(m);
- c. determining and approving the compensation and other key terms of the employment of the Company's vice presidents, other than routine hiring option grants and normal compensation within the Company's pre-approved guidelines;
- d. determining and recommending to the full Board for approval the compensation and other key terms of the employment of the Company's Executive Officers taking into consideration the Executive Officer's success in achieving his or her individual performance goals and objectives and the corporate performance goals and objectives deemed relevant; and
- e. determining and recommending to the Board for approval, the compensation and other key terms of employment of the Company's Chief Executive Officer in light of the Company's corporate performance goals and objectives. In determining the Chief Executive Officer's compensation, the Committee should consider the Company's performance and such other criteria as the Committee deems advisable and shall hold its deliberations and voting outside the presence of the Chief Executive Officer.

3. To review on a periodic basis the operation of the Company's executive compensation programs to determine whether they are properly coordinated and to establish and periodically review policies for the administration of executive compensation programs.

4. To review on an annual basis compensation paid to the non-employee directors to ensure such compensation properly reflects the responsibilities and risks involved in being a director or Chairman.

5. To review and approve the Compensation Committee report on executive compensation to be included as part of the Company's annual proxy statement.

Corporate Governance

1. To monitor and assess the relationship between the Board and management to ensure that the Board is able to function independently of management.

2. To review the charters of the Board committees annually and recommend to the Board such amendments as may be necessary or advisable.

3. To assess the needs of the Board in terms of the frequency and location of Board and Committee meetings, meeting agendas, discussion papers, reports and information.

4. To recommend to the Board the memberships of the committees of the Board.
5. To assess on a regular basis regarding the effectiveness of the Board, as a whole and the committees of the Board.
6. To monitor changes in SEC, NASDAQ and investor (including ISS) corporate governance standards.
7. To make recommendations periodically, and at least annually, to the Board concerning the responsibilities set forth above.

Nominating Candidates for Board membership

1. To identify minimum qualifications and standards for and solicit and interview prospective nominees to serve as members of the Board.
2. To consider recommendations for Board nominees and proposals submitted by the Company's stockholders; establish any policies, requirements, criteria and procedures to facilitate stockholder proposals and communications with the Board; and recommend to the Board appropriate action on any such stockholder proposal or recommendation.
3. To recommend to the Board for nomination by the Board, or in the case of vacancies for appointment by the Board to fill such vacancy, such candidates as the Committee, in the exercise of its judgment, has found to be well qualified and willing and available to serve.
4. To make recommendations periodically, and at least annually, to the Board concerning the responsibilities set forth above.

The Committee shall perform such other functions and have such other powers as may be necessary or convenient in the efficient discharge of the foregoing, including the engagement of independent employment compensation experts and other experts and/or attorneys.

Meetings:

The Committee will hold at least two (2) regular meetings per year and additional meetings as the Chairman or Committee deems appropriate. The Committee may invite such officers, directors and employees of the Company as it may see fit from time-to-time to attend a meeting of the Committee and participate in the discussion of matters relating to the Committee.

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.