

InterMune Comprehensive Compliance Program – State of California

I. INTRODUCTION

InterMune, Inc. (“InterMune”) is a biopharmaceutical company focused on developing and commercializing innovative therapies in pulmonology and hepatology. As part of our commitment to patients, InterMune has established and maintains an effective compliance program in accordance with federal, state and industry regulations and guidelines (“Comprehensive Compliance Program”), including the “Compliance Program Guidance for Pharmaceutical Manufacturers,” published by the Office of Inspector General (“OIG”), U.S. Department of Health and Human Services (the “OIG Guidance”), and the Pharmaceutical Research and Manufacturers of America’s “Code on Interactions with Healthcare Professionals” (the “PhRMA Code”). We have dedicated significant time and resources to implementing a compliance program for InterMune that includes a comprehensive framework of compliance controls throughout various segments of our operations. Our compliance program is a representation of our commitment to the highest standards of corporate conduct.

Key elements of our Comprehensive Compliance Program include, but are not limited to:

- A Code of Business Conduct and Ethics that promotes the highest ethical and compliance principles that guide InterMune's operations;
- Policies and procedures that ensure that our operations remain compliant;
- Comprehensive training and education programs;
- Multiple compliance communication mechanisms including an anonymous reporting system;
- Targeted monitoring and auditing;
- Disciplinary guidelines;
- A protocol for responding promptly to detected problems and implementing corrective action; and
- An identified Chief Compliance Officer and operating Compliance Committee.

II. OVERVIEW OF INTERMUNE COMPLIANCE PROGRAM

1. Leadership and Structure.

Chief Compliance Officer (“CCO”). InterMune's CCO is charged with responsibility for developing, operating and monitoring the compliance program in conjunction with the Company’s General Counsel. The CCO reports directly to the Chief Executive Officer and has the authority to report to the Board of Directors. The CCO has the

ability to implement change within the organization and to exercise independent judgment.

2. Written Standards.

InterMune has developed and distributed written compliance policies, procedures and practices that guide the Company and the conduct of our employees in day-to-day operations. These policies and procedures have been developed under the direction and supervision of our CCO, Compliance Committee, General Counsel, external legal counsel and management from various functional areas.

Code of Business Conduct and Ethics. The InterMune Code of Business Conduct and Ethics is a written statement of ethical and compliance principles, policies and procedures applicable to all InterMune management, employees and contractors. The Code of Business Conduct and Ethics was designed to provide guidance on how to fulfill requirements of the Company's compliance program, resolve questions about the appropriateness of our conduct and report possible violations of law or ethical principles. An employee's obligations under the Code of Business Conduct and Ethics include strict observance of all laws and regulations applicable to our Company (*e.g.*, laws and regulations governing federal health care programs), ethical standards and applicable InterMune policies and procedures.

Policies and Procedures. InterMune has established policies and procedures to address a variety of potential risk areas, including the potential risk of liability under fraud and abuse statutes and regulations. These policies and procedures are part of a thorough framework of compliance controls that exist throughout our organization. In particular, InterMune has developed and implemented significant policies and procedures to reduce and eliminate the potential risks identified in the OIG Guidance and addressed in the PhRMA Code, including (1) data integrity pertaining to government reimbursement practices, (2) kickbacks and other illegal remuneration, and (3) off-label promotion of InterMune's products. In addition, InterMune has developed policies and procedures that address specific risks related to pharmaceutical marketing and sales practices.

California Annual Spend Limit. InterMune's relationships with healthcare professionals are intended to benefit patients and to enhance the practice of medicine. InterMune currently has no sales representatives calling on healthcare professionals in California and therefore very little promotional spending. However, upon adoption of the InterMune Compliance Policy, we established spending parameters in California in accordance with Cal. Health & Safety Code §119402 that include an annual upper dollar limit on promotional spending directed toward individual California healthcare professionals. As we anticipate engaging in

commercial activities in support of our products, we expect that Company representatives and others speaking on behalf of InterMune will engage in informational presentations and discussions in support of our commercial activities that we believe will provide valuable scientific and educational benefits. In connection with such presentations or discussions, InterMune anticipates offering occasional meals and items designed primarily for the education of patients and healthcare professionals in accordance with the PhRMA Code.

InterMune has established a specific annual dollar limit of \$3,000 per medical or health professional in California on promotional activities in accordance with Cal. Health & Safety Code §119402. This amount represents a maximum limit that takes into account a variety of factors, including the capabilities of current information systems that capture promotional spend-related data. InterMune anticipates that very few, if any, medical or health professionals will reach the established annual spend limit. On rare occasions, however, management has the authority to authorize additional spending based on circumstances such as the revision or expansion of product labeling, the launch of a new product, or the availability of new scientific information relating to existing products.

In addition to our continual review of the Comprehensive Compliance Program, InterMune will assess the spend limit on at least an annual basis and will identify and adjust the program to meet any operational or practical issues related to complying with this requirement as well as any new legislative requirements. The current spend limit will be in effect for the period of January 1, 2010 through December 31, 2010.

3. Education and Training.

InterMune educates and trains employees on all facets of our compliance program through programs developed and conducted by compliance and legal professionals. Our education and training covers a variety of laws and regulations that impact the way we conduct business. Our live and online programs include, but are not limited to, meaningful discussions of the requirements and consequences of the Food, Drug and Cosmetics Act; the False Claims Act; the Anti-Kickback Statute; the OIG Guidance; the PhRMA Code, and other applicable federal, state and industry rules and guidelines. InterMune regularly reviews and updates its training programs, and identifies additional areas of training on an "as needed" basis.

4. Internal Lines of Communication.

InterMune is committed to fostering open communication between management and employees. We want all employees (a) to feel comfortable seeking answers to questions or reporting potential instances of fraud and abuse, (b) to know who to turn to for a meaningful response, and (c) to know that they may do so without fear

of retribution. To that end, we have adopted open-door, confidentiality and non-retaliation policies.

As part of our commitment to ethical and legal behavior, InterMune requires its employees to report any actual or suspected violations of law or ethical standards so that they can be appropriately investigated and addressed. Employees can raise their concerns in a number of ways, including with an appropriate member of management; through our Human Resources, Legal or Compliance Departments; or by calling or emailing our free 24/7 anonymous EthicsPoint tip line. All complaints made through EthicsPoint are forwarded to InterMune's Chief Executive Officer, Chief Compliance Officer and General Counsel; depending on the nature of the issue, a complaint also may be forwarded to the Chair of the Audit and Compliance Committee of InterMune's Board of Directors. Further information on our EthicsPoint tip line and non-retaliation policies can be found in our Code of Business Conduct and Ethics, which is available for review on this website.

5. Auditing and Monitoring.

InterMune's compliance program includes activities to monitor, audit and evaluate compliance with the Company's policies and procedures. InterMune's approach includes targeted monitoring and auditing based on identified and prioritized risk areas. In accordance with the OIG Guidance, the nature of InterMune's reviews as well as the extent and frequency of our compliance monitoring and auditing varies according to a variety of factors, including new regulatory requirements, changes in business practices and other considerations.

6. Enforcing Standards Through Discipline.

Adherence to the Code of Business Conduct and Ethics is a condition of employment at InterMune. Any violation of an employee's obligations under the Code of Business Conduct and Ethics can subject an employee to serious disciplinary measures, up to and including immediate termination of employment. An employee's obligations under the Code of Business Conduct and Ethics include strict observance of all laws and regulations applicable to our Company (*e.g.*, laws and regulations governing federal health care programs), ethical standards, and applicable InterMune policies and procedures. Although each situation is considered on a case-by-case basis, InterMune undertakes significant efforts to ensure that consistent and appropriate disciplinary action is taken in response to violations.

7. Responding to Detected Problems.

As part of our compliance program, InterMune has established a comprehensive internal investigation and corrective action protocol to ensure that timely, complete and objective investigations are conducted in response to allegations regarding the

InterMune Code of Business Conduct and Ethics and applicable policies. In accordance with the OIG Guidance, the exact nature and extent of an internal investigation will vary according to the circumstances. Upon conclusion of an internal investigation, corrective action and preventative measures are determined and implemented as appropriate.

III. CONCLUSION

InterMune is dedicated to the maintenance and ongoing assessment required of an effective compliance program. In addition to our continual review of our Comprehensive Compliance Program, InterMune will assess the spend limit on at least an annual basis and will identify and adjust the Program to meet any operational or practical issues related to complying with this requirement as well as any new legislative requirements.