

TARGETED GENETICS CORPORATION

Compensation Committee Charter

Adopted by the Board of Directors on January 16, 2004

(as amended May 17, 2007)

Purpose

The Compensation Committee, or Committee, is appointed by the Board of Directors, or Board, of Targeted Genetics Corporation to assist the Board in discharging its responsibilities with respect to executive officer, nonofficer employee, consultant and director compensation. The Committee has overall responsibility for approving and evaluating the executive compensation plans, policies and programs of the Company.

Membership

The Committee is composed of at least two directors appointed by the Board, who are to be independent under Nasdaq Stock Market listing requirements. The Board appoints Committee members annually, considering the Nominating and Corporate Governance Committee's recommendation and, as appropriate, the views of the Company's Chairman of the Board. The Board has the power at any time to change the Committee's membership and fill vacancies. The Board designates the chairperson of the Committee.

Responsibilities

The Committee shall assist the Board in discharging its responsibilities with respect to executive officer, nonofficer employee, consultant and director compensation. Specific duties of the Committee are listed below.

- Take any and all actions that may be taken by the Board with respect to executive compensation, including developing executive compensation programs and policies.
- Review and approve corporate and individual goals and objectives relevant to the compensation of the Company's executives.
- Evaluate the performance of the Company's CEO and other executive officers in light of such goals and objectives and, based on this evaluation, determine the compensation of the CEO and executive officers (including salary, bonus, stock option grants, expense accounts, perquisites and other direct or indirect benefits). In determining executive compensation, the Committee shall take into account each executive's performance, the Company's overall performance, the compensation paid to similarly situated executives at comparable companies, the compensation paid to executives in past years and any other factors it deems appropriate.
- Review and make recommendations regarding the compensation of nonofficer employees, directors and consultants of the Company, if and as the Company's CEO, the Board or the Committee deems appropriate.
- Supervise the administration of the Company's stock option plans, employee stock purchase plan and other stock- or cash-based compensation and incentive programs.

- Approve and make grants and awards of stock options and other equity securities to the Company's executive officers and nonemployee directors under the Company's stock option plans and other incentive programs, if and as the Committee deems advisable, and approve, ratify and administer any amendments to such grants and awards.
- Make recommendations to the Board with respect to incentive compensation plans and equity-based plans.
- Review and approve, for the Company's executive officers, (a) employment, severance, retirement and change of control agreements, arrangements or provisions and (b) any special or supplemental benefits, in each case if and as appropriate.
- Review and approve such other compensation-related matters as may be deemed appropriate by the Company's CEO, the Board or the Committee.
- Review and discuss with management the Company's proposed disclosure under the "Compensation Discussion and Analysis" required by Regulation S-K under the Securities Exchange Act and recommend to the Board whether such Compensation Discussion and Analysis should be included in the Company's proxy statement and Annual Report on Form 10-K.
- Prepare a Compensation Committee Report in accordance with the rules and regulations of the Securities and Exchange Commission for inclusion in the Company's proxy statement.
- Review and reassess the adequacy of this charter from time to time and recommend any proposed changes to the Board for approval.

In addition to the responsibilities listed above, the Committee shall undertake such other duties as the Board delegates to it and perform such other activities as are consistent with this charter, the bylaws and corporate governance principles of the Company and applicable law.

Meetings; Procedure

The Committee shall hold at least two regular meetings and otherwise shall meet as often as it deems necessary or appropriate. The Committee is governed by the same rules regarding meetings (including telephonic meetings), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Company's bylaws, or (c) applicable law. The Committee may form and delegate authority to subcommittees when appropriate. The Committee will cause to be kept minutes of all its proceedings and will report on its actions to the next meeting of the Board. In addition, all materials relating to Committee meetings shall be circulated to all members of the Committee in advance of Committee meetings.

Use of Data / Compensation Studies

The Committee may utilize any relevant data, including internal and external compensation studies and surveys, that it deems appropriate to form the basis for its compensation determinations and policies.

Outside Advisors

The Committee shall have the authority to obtain advice and seek assistance from internal or external legal, accounting, compensation or other advisors to assist it in the performance of its duties.