

TARGETED GENETICS CORPORATION

Nominating and Corporate Governance Committee Charter

Adopted by the Board of Directors on March 4, 2004

Purpose

The Nominating and Corporate Governance Committee, or Committee, is appointed by the Board of Directors, or Board, of Targeted Genetics Corporation to help ensure that the Board is appropriately constituted to meet its fiduciary obligations to the company and its shareholders. The Committee shall monitor and safeguard the independence of the Board by identifying individuals qualified to become Board members and selecting or recommending to the Board director nominees for election at the company's annual meetings of shareholders. Using the same criteria used to select nominees for election at the annual meeting, the Committee shall recommend to the Board candidates for filling vacancies on the Board occurring between shareholder meetings.

In addition, the Committee shall provide a leadership role in shaping the corporate governance of the company. The Committee shall maintain a set of corporate governance principles and a code of conduct applicable to the company's directors, officers and employees. The Committee shall monitor modifications and waivers of the company's code of conduct.

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 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.

Authority

The Committee has the authority to take all actions reasonably necessary to discharge its responsibilities, including consulting with management, seeking advice and assistance from company employees or others, and retaining legal counsel and search firms. The Committee has the sole authority to retain and terminate any search firm used to identify director candidates and has the sole authority to approve such firm's fees and other terms of retention. The Board shall make available to the Committee all resources reasonably necessary to enable the Committee to discharge its responsibilities.

Responsibilities

The principal responsibilities and functions of the Committee are as follows:

- Develop and recommend to the Board criteria for Board membership to assist the Board in identifying and attracting candidates to become directors.
- Monitor the independence under Nasdaq Stock Market listing requirements of directors.
- Annually present to the Board a list of individuals recommended for nomination for election as directors at the annual meeting of shareholders.

- Conduct the appropriate and necessary inquiries into the backgrounds, qualifications and skills of potential candidates and select and approve potential candidates for nomination as directors.
- Before recommending an incumbent director for re-nomination, review his or her qualifications, including capability, availability to serve, conflicts of interest, past performance and other relevant factors.
- Review any potential conflicts between the directors and director candidates and the interests of the company.
- Review and evaluate shareholder submissions for director nominees in accordance with procedures set out in this charter, monitor regulatory developments concerning shareholder access to director nominations, and recommend amendments or modifications to the company's policies and procedures concerning shareholder access to director nominations, as required.
- Annually review the qualifications, requirements, membership, structure (including authority to delegate) and performance of Board committees, including this Committee, and make recommendations to the Board regarding committee memberships.

The Committee also performs the core function of shaping the company's corporate governance policies and procedures as follows:

- Provide recommendations for the conduct of Board meetings, with a view to maximizing the Board's effectiveness.
- Oversee and review the company's processes for providing information to the Board and the continuing education of directors.
- Assess the reporting channels through which the Board receives information, and the quality and timeliness of information received, so that the Board obtains appropriately detailed information in a timely manner.
- Review and assess the Board's corporate governance principles, including the need for each director to be a fully engaged and active participant in Board matters. The Committee determines whether these principles should be made available to the company's shareholders, prospective investors and other interested persons, and, if applicable, oversees the public dissemination of the principles and updates.
- Maintain the code of conduct applicable to the company's directors, officers and employees. Monitor modifications and waivers of the company's code of conduct.
- Annually oversee evaluation of the performance of each director.
- Periodically review with the Chairman of the Board the company's succession plans relating to positions held by executive officers, and to make recommendations to the Board with respect to the selection of individuals to occupy these positions.
- Periodically review the outside activities of senior executives.

- Periodically review the company's Rights Agreement.

To monitor the continued effectiveness of the Committee itself, the Committee shall review and reassess the adequacy of this charter from time to time and recommend any proposed changes to the Board for approval. In addition, the Committee shall annually review its own performance.

Meetings and Procedures

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.

Shareholder Nominees

In accordance with the company's bylaws and applicable law, recommendations for nominations for the election of directors for consideration by the Committee may be made by any shareholder of record entitled to vote for the election of directors at shareholder meetings held for such purpose. The requirements a shareholder must follow for recommending persons for consideration by the Committee for election as directors are the following:

- Deliver written notice (in accordance with the company's bylaws) to the company's Secretary of such shareholder's intention to make a nomination.
- Notice must be received by the Secretary not later than (i) with respect to an election to be held at an annual meeting of the shareholders, not fewer than 60 nor more than 90 days prior to the date of the company's annual meeting (or if less than 60 days' notice or prior public disclosure of the date of the annual meeting is given or made to the shareholders, not later than the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made), and (ii) with respect to an election to be held at a special meeting of the shareholders for the election of directors, the close of business on the seventh business day following the date on which notice of such meeting is first given to shareholders.
- The notice must include:
 - The name and address of the shareholder who intends to make a nomination.
 - A representation that the shareholder is entitled to vote at such meeting and a statement of the number of shares of the corporation that are beneficially owned by the shareholder.
 - A representation that the shareholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice.
 - As to each person the shareholder proposes to nominate for election or re-election as a Director, the name and address of such person and such other information regarding such nominee, including a brief biographical sketch, as would be required in a proxy statement

filed pursuant to the proxy rules of the Securities and Exchange Commission had such nominee been nominated by the Board.

- A description of any arrangements or understandings between the shareholder and such nominee and any other persons (including their names) pursuant to which the nomination is to be made.
- The consent of each such nominee to serve as a director, if elected.

The right of shareholders to make nominations pursuant to the foregoing procedure is subject to the superior rights, if any, of the holders of any class or series of stock having a preference over the company's common stock. Subject to any superior rights, if a shareholder complies with these procedures for recommending persons for consideration by the Committee for election as directors, the Committee will conduct the appropriate and necessary inquiries into the background, qualifications and skills of the shareholder recommended candidates and, in the exercise of the Committee's independent judgment in accordance with the policies and procedures adopted in this charter, will determine whether to recommend the shareholder recommended candidates to the Board for inclusion in the list of candidates for election as directors at the next shareholder meetings held for such purpose.