

CHARTER OF THE GOVERNANCE AND NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS OF TANOX, INC.

General Responsibilities

The Governance and Nominating Committee shall:

- Oversee the composition of the Board of Directors of Tanox and its committees. In fulfilling its mandate, the committee shall develop Qualification Standards for Board membership, identify and recruit qualified candidates, receive and review any director candidates recommended by stockholders and make recommendations to the Board with respect to director nomination or re-nomination.
- Take a leadership role in shaping the corporate governance of the Corporation including the development and review of Corporate Governance Guidelines, a Board and director assessment process, director orientation and education, and related matters consistent with corporate governance best practices and compliance with the NASDAQ corporate governance rules.

Composition

The Governance and Nominating Committee shall be comprised of two or more directors as determined by the Board of Directors, each of whom shall be “independent” directors in accordance with the rules of the Nasdaq Stock Market, Inc., and free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

The members of the Committee shall be appointed by the Board of Directors on an annual basis. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

The Committee may invite to its meetings any director, management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

Meetings

The Committee shall meet at least four times annually.

Specific Responsibilities

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions.

In discharging its oversight role, the Committee is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to

retain outside counsel, experts or consultants for this purpose, including the authority to approve the fees payable to such counsel, experts or consultants and any other terms of retention.

Board Composition and Selection

1. Establish Director Qualification Standards.
2. Review director candidates recommended by stockholders within the timeframe outlined in the annual proxy circular, against the Director Qualifications Standards and other criteria used by the Committee in screening candidates and making its final recommendations to the Board.
3. Identify individuals believed to be qualified as candidates to serve on the Board and nominate to the full Board the candidates for all directorships to be filled by the Board or by the stockholders at an annual or special meeting. In identifying candidates for membership on the Board, the Committee shall take into account all factors it considers appropriate, which may include strength of character, judgment, diversity of experience, acumen, willingness to devote adequate time and effort to Board responsibilities and the extent to which the candidate would fill a present need on the Board. Scientific and industry expertise and familiarity with national and international issues affecting the Company's industry and business, as well as business in general, are among the relevant criteria.
4. Conduct all necessary and appropriate inquiries into the backgrounds and qualifications of possible candidates. The Committee shall have sole authority to retain and to terminate any search firm to be used to assist it in identifying candidates to serve as directors of the Corporation, including the sole authority to approve the fees payable to such search firm and any other terms of retention.
5. Review and make recommendations to the full Board with respect to director nomination and re-nomination for election by shareholders at the annual meeting and with respect to director appointments between annual meetings occasioned by the resignation or retirement of Board members or for other reasons.
6. Review and make recommendations regarding the composition and size of the Board in order to ensure the Board has the requisite expertise and its membership consists of persons with sufficiently diverse and independent backgrounds.
7. Review the independence of Board members at least annually to ensure that the Board remains at all times comprised of a majority of independent directors and that all three Board committees are comprised solely of independent directors, consistent with the rules of the NASDAQ.

Committee Selection and Composition

8. Recommend members of the Board to serve on the committees of the Board, giving consideration to the criteria for service on each committee, including NASDAQ, Sarbanes-Oxley and other regulatory requirements as well as any other factors the Committee deems relevant. Where appropriate, make recommendations regarding the removal of any member of any committee.
9. Establish, monitor and recommend the purpose, structure and operations of the various committees of the Board, the qualifications and criteria for membership and, as

circumstances dictate, make any recommendations regarding periodic rotation of directors among the committees.

Corporate Governance

10. Develop and recommend Corporate Governance Guidelines to the Board for approval, ensure that the Guidelines are posted on the Tanox website and regularly review and propose to the Board appropriate updates or modifications to the Guidelines.
11. At such times as the Committee deems appropriate, consider the adequacy of the Certificate of Incorporation, By-Laws and Code of Business Conduct of the Corporation, and recommend to the Board, as conditions dictate, appropriate amendments.
12. Keep abreast of developments with regard to corporate governance to enable the Committee to make recommendations to the Board as may be appropriate.
13. Review relationships of Board members and senior executives that might constitute a conflict of interest. Review any request for waiver of the provisions of the Code of Business Conduct related to conflicts of interest, ethical business behavior, and financial reporting and public disclosures as they apply to the CEO or senior finance and accounting officials.

Board, Committee and Director Evaluation

14. Oversee an annual evaluation of (i) the Board as a whole, (ii) each of the Board's three committees – Audit, Compensation and Governance Committees, and (iii) the chairmen of the Board and each Committee, and make recommendations to the Board with respect to any changes in Board structure or operations that may be appropriate based on these reviews. Oversee an annual evaluation by each director of all other directors.

Director Orientation and Education

15. Ensure that new directors undergo an orientation with the CEO and key members of management; identify and recommend continuing education programs for directors to include such topics as critical issues affecting Tanox and its industry overall, and directors' roles and responsibilities.

Reporting

16. Report to the Board of Directors following each meeting of the Committee.
17. Maintain minutes of each meeting of the Committee.