

KMG AMERICA CORPORATION
CORPORATE GOVERNANCE AND NOMINATING
COMMITTEE CHARTER

December 21, 2004

Pursuant to Section 13.1-689 of the Virginia Stock Corporation Act and Article III of the Bylaws of KMG America Corporation, a Virginia corporation (the "Corporation"), the following shall constitute the Corporate Governance and Nominating Committee Charter (the "Charter") of the board of directors of the Corporation (the "Board"):

I. ORGANIZATION

There shall be constituted a standing committee of the Board to be known as the corporate governance and nominating committee (the "Corporate Governance and Nominating Committee").

II. COMPOSITION AND SELECTION

The Corporate Governance and Nominating Committee shall be comprised of three or more directors. The members of the Corporate Governance and Nominating Committee shall satisfy the independence requirements of the New York Stock Exchange as then in effect.

The members of the Corporate Governance and Nominating Committee shall be appointed by the Board at the Board's annual meeting and may be removed by the Board. The members of the Corporate Governance and Nominating Committee shall serve for one year or until their successors are duly elected and qualified. Unless a Chairman is elected by the full Board, the members of the Corporate Governance and Nominating Committee shall designate a Chairman by majority vote of the full Corporate Governance and Nominating Committee membership.

The duties and responsibilities of Corporate Governance and Nominating Committee members contained herein shall be in addition to those duties otherwise required for members of the Board.

III. STATEMENT OF PURPOSE

The Corporate Governance and Nominating Committee is appointed by the Board (1) to assist the Board by identifying individuals qualified to become Board members and to recommend to the Board the director nominees for the next annual meeting of shareholders; (2) to oversee the governance of the Corporation including recommending to and overseeing on behalf of the Board Corporate Governance Guidelines for the Corporation; (3) to lead the Board in its annual review of the attendance and performance of the Directors; and (4) to recommend to the Board director nominees for each committee.

IV. COMMITTEE OBJECTIVES

The Corporate Governance and Nominating Committee's objectives shall include serving as an independent and objective party to identify and nominate qualified candidates for director and board committee placement; nominating members for each of the Board's committees; taking a leadership role in shaping the Corporation's corporate governance; and overseeing the evaluation of the Board and management.

V. COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Corporate Governance and Nominating Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm's fees and other retention terms. The Corporate Governance and Nominating Committee also shall have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

The Corporate Governance and Nominating Committee may form and delegate authority to subcommittees when appropriate.

The Corporate Governance and Nominating Committee shall:

1. Review the composition of the Board, taking into account the Corporate Governance Guidelines;
2. Actively seek, identify and recommend to the Board individuals qualified to become board members, consistent with criteria approved by the Board;
3. Recommend to the Board nominees for each of the Board's committees;
4. Recommend to the Board nominees for election as directors;
5. Present all nominees for election as directors in a timely fashion to minimize disruption in the Corporation's business and at such a time to allow for the full consideration of the nominees by the Board and the timely submission of any filings required by the Securities and Exchange Commission;
6. Make recommendations to the Board regarding tenure and classifications of directors;
7. Receive comments from all directors and report annually to the Board with an assessment of the Board's performance and each Director's attendance at Board meetings, to be discussed with the full Board following the end of each fiscal year; consider, discuss and recommend ways to improve the Board's effectiveness;
8. Annually review and reassess the adequacy of the Corporate Governance Guidelines of the Corporation and recommend any proposed changes to the Board for approval; consider other corporate governance and related issues;
9. Review periodically the Corporation's conflict of interest and investment conflict of

interest policies; evaluate the adequacy of the Corporation's conflict of interest policies when business opportunities arise that potentially may give rise to the appearance of impropriety;

10. Obtain confirmation from the Corporation's management that the conflict of interest policies are understood and implemented;
11. Consider with management public policy issues that may affect the Corporation;
12. Make regular reports to the Board;
13. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval;
14. Annually review its own performance; and
15. Perform such other functions as the Board may request.

VI. MEETINGS

The Corporate Governance and Nominating Committee shall meet as often as may be deemed necessary or appropriate in its judgment and that of the Board. The Chairman or a majority of the members of the Corporate Governance and Nominating Committee may call meetings of the Committee upon reasonable notice to all members of the Committee. The Committee shall meet at such a time and place to allow for the timely presentment of any nominees to the Board for consideration. Following each meeting, the Corporate Governance and Nominating Committee shall report to the Board at the next regularly scheduled Board meeting, or sooner, as circumstances may dictate.

VII. CONSISTENCY WITH ARTICLES AND BYLAWS

To the extent that any provision or section of this Charter may be inconsistent with any article, provision or section of the Corporation's Amended and Restated Articles of Incorporation or the Corporation's Bylaws, the Amended and Restated Articles of Incorporation or the Bylaws, as appropriate, shall fully control.

VIII. CERTIFICATION

This Corporate Governance and Nominating Committee Charter was duly approved and adopted by the Board of the Corporation on the 20th day of December, 2004.

A handwritten signature in black ink, appearing to read "Kenneth U. Kuk". The signature is written in a cursive style with a large, sweeping initial "K".

Kenneth U. Kuk
Secretary

