

CURATIVE HEALTH SERVICES, INC. GOVERNANCE COMMITTEE CHARTER

Purpose

The purpose of the Governance Committee (the “Committee”) is (i) to establish the evaluation procedure and minimum qualifications of the members of the Board of Directors (the “Board”) of Curative Health Services, Inc. (the “Company”) and its committees, (ii) to identify and recommend to the Board individuals qualified to become members of the Board of the Company, and of committees of the Board, (iii) to oversee succession planning for the Company’s Chief Executive Officer, and (iv) to develop, recommend to the Board and oversee a set of corporate governance principles applicable to the Company.

Membership

The Committee shall consist of at least two directors of the Company, the specific number of such members to be determined from time to time by the Board. The members of the Committee shall be appointed by and serve at the discretion of the Board. Except as allowed under the listing standards of the NASDAQ National Market or other applicable laws, all members of the Committee shall be “independent” as defined in the listing standards of the NASDAQ National Market or such other national securities exchange on which the Company’s securities are then listed, as may be amended from time to time (the “listing standards”), the rules and regulations of the Securities and Exchange Commission (the “SEC”) and any other legal requirements applicable to the Company.

Operating Principles

The Committee shall fulfill its responsibilities with the following aims in mind: (i) to facilitate and maintain free and open means of communication among the Board, the Committee and the management of the Company; (ii) to keep the Committee’s policies and procedures flexible in order to react to changing conditions; (iii) to allow communication from shareholders directly to the Board; and (iv) to assure the directors and shareholders that the corporate governance practices of the Company are in accordance with all applicable requirements and appropriate quality standards.

Duties and Responsibilities

The Committee shall have the following duties and responsibilities, in addition to any other duties and responsibilities prescribed by the Board from time to time:

- Establish standards, criteria and processes for finding, selecting and evaluating new directors (considering goals for Board composition and individual qualifications).
- Establish procedures to be followed by shareholders in submitting director nominees.

- Establish any minimum qualifications the Committee believes a director nominee must possess for a position on the Board and any specific qualities or skills the Committee believes are necessary for one or more of the member's of the Board.
- Evaluate all potential candidates identified by the Committee or submitted by shareholders in accordance with established criteria.
- Recommend to the Board a slate of director nominees to be presented by the Board to the shareholders at each annual meeting of shareholders (and one or more nominees for vacancies on the Board that may occur between annual meetings of shareholders).
- Review the organization of the Board and its committees in the context of the strategic direction of the Company and make recommendations relating to the overall effectiveness of the organization of the Board and its committees (*e.g.*, the size and composition of the Board and its committees).
- Recommend to the Board qualified nominees for membership on committees of the Board.
- Review and recommend Company policies relating to the recruitment and retention of directors, including director and officer liability insurance coverage and bylaws relating to indemnification.
- Review the reasons for the resignation of any director.
- Develop and recommend to the Board a set of corporate governance principles for the Company and a code or codes of ethics for the Company, its employees, officers and directors (including its CEO and senior financial executives).
- Monitor compliance with the Company's corporate governance principles and code(s) of ethics, and periodically reassess the Company's corporate governance principles and code(s) of ethics and recommend to the Board revisions to such principles or code(s).
- Review the Company's programs and policies to assure that its corporate governance principles and the code(s) of ethics are appropriately addressed, and provide guidance with respect to, and oversee, the establishment of any additional programs or policies, or modifications to such programs or policies, with respect to corporate governance as the Committee deems appropriate.
- Review and address conflicts of interest of directors, the Chief Executive Officer and other Board-appointed officers.
- Establish procedure for direct communication from shareholders of the Company to the Board.
- Coordinate management succession planning with the Chief Executive Officer and review and evaluate succession plans for the Chief Executive Officer.

- Oversee the annual evaluation of the Board and its individual members.
- Review the Committee's charter periodically to determine whether any modifications to such charter are necessary or appropriate, and recommend to the Board any such modifications.
- Review the Company's bylaws and other organizational documents and structure annually to determine whether any modifications to such documents or structure are necessary or appropriate, and recommend to the Board any such modifications.

The Committee will have the resources and authority appropriate to discharge its responsibilities, including the authority to engage external search firms to identify director candidates, and to engage other third party consultants as deemed appropriate by the Committee, and will have sole authority to retain and terminate any such search firm or consultant and to approve the fees and other retention terms related to the appointment of such firm or consultant.

The Committee may delegate its authority to subcommittees established by the Committee from time to time, which subcommittees will consist of one or more members of the Committee and will report to the Committee

Meetings

It is anticipated that the Committee will meet at least two times each year.

Minutes

The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

Reports

The Committee will regularly report to the Board of the Company regarding (i) all determinations made or actions taken pursuant to its duties and responsibilities, as set forth above, and (ii) any recommendations of the Committee submitted to the Board for action.