

CARAUSTAR INDUSTRIES, INC.

**NOMINATING AND CORPORATE GOVERNANCE COMMITTEE
OF THE BOARD OF DIRECTORS**

CHARTER

I. PURPOSE

The primary function of the Nominating and Corporate Governance Committee (the “Committee”) is to assist the Corporation’s Board of Directors in identifying qualified individuals to become Board members, in determining the composition of the Board and its committees, in monitoring a process to assess Board and Board committee effectiveness and in generally assuring good corporate governance.

II. COMPOSITION

The Committee shall be comprised of three or more directors, appointed by the Board, who meet the independence requirements of applicable regulations, NASDAQ rules and such other criteria as the Board may establish.

Unless the Board appoints a Chair of the Committee, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. MEETINGS

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. The Committee may ask members of management or others to attend any meeting and provide information or advice as needed.

IV. ACTIVITIES

To fulfill its responsibilities, the Committee shall:

Board Membership

(1) Make recommendations to the Board regarding the size and composition of the Board and the criteria for the selection of candidates for membership on the Board.

(2) Oversee the search for individuals qualified to become members of the Board, including by evaluating persons suggested by shareholders or others, and supervise appropriate inquiries into the backgrounds and qualifications of possible candidates.

(3) Recommend to the Board director nominees to be presented for shareholder approval at each annual meeting of shareholders and to fill any vacancies between annual meetings.

Board Committees

(4) Monitor and make recommendations to the Board with respect to the functions of the various committees of the Board.

(5) Recommend to the Board the membership of the various Board committees.

Management Succession

(6) Review management succession plans with the Chief Executive Officer.

(7) Select and present to the Board the names of persons to be considered as successors to the Chief Executive Officer and President.

Corporate Governance

(8) Develop and recommend to the Board for its approval an annual self-evaluation process for the Board and each of its committees, and oversee the annual self-evaluations.

(9) Oversee the evaluation of management.

(10) Develop and recommend to the Board for its approval a set of corporate governance guidelines, review those guidelines periodically and recommend changes to the Board as appropriate.

(11) Develop and recommend to the Board for its approval a code of business conduct for the Corporation, review the code periodically and recommend changes to the Board as appropriate.

(12) Periodically review the frequency, structure and content of Board meetings and recommend changes to the Board as appropriate.

(13) Periodically review director fees and other compensation and advise the Compensation Committee on these matters.

(14) Consider any other matters of corporate governance raised by the Committee, the Board or management.

V. PROCESSES

After each Committee meeting, the Committee shall report its actions and recommendations to the Board.

The Committee shall conduct and present to the Board an annual review of its performance. In addition, the Committee shall review this Charter periodically and recommend any proposed revisions to the Board for its approval.

The Committee shall have the authority to delegate any of its responsibilities to subcommittees. The Committee shall also have the authority to engage a search firm to assist in identifying director candidates and to engage outside counsel and other advisors, in each case as it deems appropriate, and to set the terms (including fees) of all such engagements. The

Corporation shall provide for appropriate funding, as determined by the Committee, for paying fees to outside advisors engaged by the Committee.

Revised: February 18, 2004