

**AMERICAN HEALTHWAYS, INC.
NOMINATING AND CORPORATE GOVERNANCE COMMITTEE
CHARTER**

Purpose

The American Healthways, Inc. (the “Company”) Nominating and Governance Committee shall be appointed by the Board of Directors (the “Board”) to (1) identify and recommend for nomination individuals qualified to become Board members, consistent with the criteria approved by the Board; (2) recommend to the Board members for each Board Committee; (3) recommend and oversee the annual evaluation of the Board; (3) review and recommend the compensation of the Board and Committee Chairs; and (5) review and recommend governance policies and the Code of Conduct of the Company.

The Committee shall perform such other duties as assigned by the Board, and shall make regular reports to the Board. The committee shall have the authority to retain at the Company’s expense such consultants or advisors as it may deem necessary or appropriate.

The Committee may form, and delegate authority to, subcommittees when appropriate, as determined by the Committee.

Composition of the Committee

The Committee shall have no fewer than three (3) members, including a chairperson, as determined by the Board annually on recommendation by the Committee. Members of the Committee will meet the independence standards of the NASDAQ Market and other applicable law or regulation.

The size of the Committee shall be designated annually by a majority vote of the Board. Any member can be removed by similar majority vote of the Board.

Committee Meetings

The Committee shall meet as often as necessary or appropriate to fulfill its duties upon the notice provided for meetings of the Board but not less than two (2) times per year in regular sessions. A majority of the Committee shall constitute a quorum and the Committee shall act only on the affirmative vote of a majority of the members present at a meeting.

Committee Membership

The Committee shall recommend to the Board the membership and chairs of the various committees of the Board.

All members of the Board committees shall meet the standards of independence as required by the NASDAQ Market and other applicable law or regulation.

Review of Charter and Committee Evaluation

The Committee shall review the adequacy of this Charter annually and recommend changes if necessary to the Board.

The Committee shall review annually its performance and recommend changes if appropriate.

Corporate Governance

The Committee shall at least annually review and reassess the adequacy of the Corporate Governance Guidelines and Code of Conduct of the Company and propose changes, if appropriate, to the Board for approval.

The Committee shall review periodically with the Company's counsel: (1) new legislation, regulations and other developments relating to corporate governance, and (2) executive officer and director compliance with the Corporate Governance Guidelines and Code of Conduct and recommend to the Board any remedial actions deemed necessary or appropriate.

Identification of Prospective Board Members and Nomination of Directors

The Committee shall recommend to the Board (1) nominees to fill any vacancies created on the Board; and (2) prior to the annual meeting of stockholders, a slate of nominees for election and reelection as directors by the stockholders of the Company at the annual meeting.

The Committee will review and consider candidates who may be suggested by any director or executive officer of the Company, or by any stockholder if the suggestion is made in accordance with the Company's certificate of incorporation, bylaws and applicable law.

In considering possible candidates for nomination, the Committee shall be guided by the following: (1) the composition of the Board shall include a majority of independent directors as determined by the NASDAQ Market and other applicable law or regulation; (2) each director shall be chosen without regard to sex, race, religion, or national origin; each director nominee shall be of the highest character and integrity and possess an inquiring mind, vision and the ability to work well with others; (3) each director shall be free of any conflict of interest which would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director; (4) each shall possess experience which would be of particular importance to the Company; (5) each shall have sufficient time to devote to the affairs of the Company, including consistent attendance of Board and committee meetings and advance review of materials; and (6) each director nominee shall understand his or her responsibility to act in the best interests of the Company and all of its stockholders.

Board Compensation and Evaluation

The Committee shall review and recommend on an annual basis the compensation of the Board and Committee chairs.

The Committee shall evaluate annually the structure of the Board and all Committees to assure that the skills and experiences of the Directors are being deployed in the best interests of the Company.

The Committee shall annually evaluate the Board's and the Committees' performance and recommend to the Board any changes which would improve the ability of the Board to oversee more effectively the business and affairs of the Company. This evaluation process will include a process that solicits from each Board member his or her assessment of the Board's performance.

Approved January 2005