

NOMINATING & GOVERNANCE COMMITTEE CHARTER

Role and Purpose

The Nominating & Governance Committee of the Board of Directors is to:

- Identify and recommend individuals qualified to become members of the Board of Directors;
- Be responsible for the director nomination and election process and for responding to shareholder proposals for director nominations;
- Oversee succession planning for the corporation's Chief Executive Officer;
- Lead in shaping the corporate governance of the corporation and, oversee corporate response to issues affecting the Board and the Company; and
- Develop and recommend to the Board, on an ongoing basis as appropriate, corporate governance policies applicable to the corporation and actively monitor the corporation's compliance with applicable governance policies, principles, rules and regulations.

Membership

The Committee will consist of all members of the Board who meet the independence requirements of the National Association of Securities Dealers (NASD). Members of the Committee are subject to removal at any time by a majority of the Board. The Board may fill any resulting vacancy. The Board's Lead Director, as appointed from time to time by the Board, shall serve as Chair of the Committee.

Lead Director

The Board of Directors has appointed a Lead Director to Chair the Nominating and Governance Committee and to be responsible for the independent activities of the Board. The duties and responsibilities of the Lead Director, both as Chair of the Nominating and Governance Committee and as Lead Director of the entire Board of Directors, shall be as follows:

- Serve as Chair of the Nominating and Governance Committee;
- Coordinate the activities of the independent directors;
- Ensure that the independent directors can perform their duties responsibly while not interfering with the flow of Company operations;
- Participate, as appropriate, in the preparation of agendas for Board and Committee meetings;

- Advise the Board as to the quality, quantity and timeliness of the flow of information from Company management necessary for the independent directors to effectively and responsibly perform their duties; and specifically request the inclusion of certain material as appropriate;
- Recommend to the Board, as appropriate, the retention of consultants who report directly to the Board;
- Assure compliance with and implementation of Company governance policies and guidelines;
- Coordinate and develop the agenda for and facilitate executive sessions of the Board's independent directors;
- Act as principal liaison between the independent directors and the Chair of the Board on sensitive issues; and
- Make recommend to the Board concerning membership of the various Board Committees and selection of Committee chairs.

Duties and Responsibilities of the Committee

The Committee will:

- Develop qualification criteria for Board members (considering goals for Board composition and individual qualifications) and evaluate potential candidates in accordance with established criteria;
- Review and respond to director nominations or recommendations submitted in writing by the corporation's stockholders;
- Recommend to the Board a slate of candidates for presentation to the stockholders at each annual meeting of stockholders and one or more nominees for each vacancy on the Board that occurs between annual meetings of stockholders;
- Recommend to the Board qualified members of the Board for membership on committees of the Board;
- Review and develop executive succession plans, and ensure that appropriate plans are in place to identify a qualified successor to the corporation's Chief Executive Officer;
- Provide regular reports of its activities to the Board;
- Review and reassess periodically the adequacy of this Charter and recommend any proposed changes to the Board for approval;

- Periodically consider the adequacy of the certificate of incorporation and by-laws of the corporation and recommend to the Board of Directors, as conditions dictate, that it propose amendments to the certificate of incorporation and by-laws for consideration by the shareholders;
- Develop and recommend to the Board of Directors, on an ongoing basis, a set of corporate governance principles and keep abreast of developments with regard to corporate governance to enable the Committee to make recommendations to the Board of Directors in light of such developments as may be appropriate; and
- Consider policies relating to meetings of the Board of Directors. This may include meeting schedules and locations, time spent by the Board on Company matters, agendas and procedures for delivery of written material and other forms of communications in advance of and during meetings.

Meetings

The Committee will meet twice annually, or more frequently as circumstances dictate. A majority of the members of the Committee will constitute a quorum for the transaction of business.

Resources and Authority

The Committee will have the resources and authority appropriate to discharge its responsibilities, including the authority to use internal personnel and to engage external search firms to identify director candidates, and will have sole authority to retain and terminate any such search firm and to approve the fees and other retention terms related to the appointment of such firm.

The Committee will have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

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.

Adoption of Charter

The Board of Directors of Possis Medical, Inc., adopted this Charter on: August 13, 2004