

**CAPSTONE THERAPEUTICS CORP.**  
**CORPORATE GOVERNANCE / NOMINATING COMMITTEE CHARTER**

**Members: Fredric J. Feldman, Ph.D. (Chairman) and Elwood D. Howse**

**1. General Purpose and Role**

The Nominating and Governance Committee (the "Committee") shall oversee, review, and make periodic recommendations concerning the Company's corporate governance policies, and shall recommend candidates for election to the Company's Board of Directors (the "Board").

**2. Membership and Qualification**

The Committee shall consist of two or more Independent Directors. The Board shall elect, by majority vote, one member as Chairman of the Committee. The members of the Committee shall be appointed by the Board. Any member of the Committee may be removed, with or without cause, by action of the full Board.

**3. Meetings and Other Actions**

The Committee shall meet at least once a year and at such additional times as may be necessary to carry out its responsibilities. Meetings may be called by the Chairman of the Committee or the Chairman of the Board. All meetings of and other actions by the Committee shall be held or otherwise taken pursuant to the Company's bylaws, including bylaw provisions governing notices of meetings, waivers thereof, and the number of Committee members required to take actions at meetings or by written consent.

The Committee may invite to its meetings any director, member of management or any other person it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings, or any part of a meeting, any persons it deems appropriate to exclude in order to carry out its responsibilities.

If it so determines, the Committee may meet separately with members of management or with outside advisors or firms to discuss any matters that the Committee believes would be appropriate.

Written or electronic minutes of each meeting shall be prepared and filed with the records of the Company and shall be available to any and all directors of the Company.

**4. Reports of Meetings**

At the first regularly scheduled Board meeting following a Committee meeting or an action taken by the Committee, the Committee shall give a report of the meeting and action taken by it at the meeting or by consent (except to the extent covered in an interim report circulated to the Board). The report shall be made by the Committee Chairman or his or her delegate and shall be accompanied by any recommendations from the Committee to the Board. In addition, the Committee Chairman or his or her delegate shall be available to answer any questions from the other directors regarding matters considered and actions taken by the Committee.

## 5. Responsibilities of the Committee

The Committee shall assist the full Board in fulfilling its responsibilities to assure that the Company is governed in a manner consistent with the interests of the shareholders of the Company. Without limiting the foregoing, the Committee's responsibilities shall include the responsibilities listed below. For those duties for which a time period or frequency is not prescribed, the duty shall be undertaken when, and as frequently as, the Committee deems appropriate.

- A. The Committee shall identify and review candidates for the Board and recommend to the full Board candidates for election to the Board, and from time to time review the process for identifying and evaluating candidates for election to the Board. The Committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees.

The Committee shall evaluate and recommend any candidates to be nominated by the Board for election by the stockholders at the Company's Annual Meeting of Stockholders and any nominee proposed to be elected by the Board at any other times.

In addition, the Committee should consider whether a director nominee it recommends will satisfy the following criteria:

- a. Be an individual of high integrity, understand the Company's vision, be willing to ask hard questions and able to work well with others;
- b. Be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;
- c. Be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director and Board committee member (including developing and maintaining sufficient knowledge of the Company and its industry);
- d. Be able to review and analyze reports and other information important to Board and committee responsibilities;
- e. Prepare for, attend and participate in Board and committee meetings;
- f. Satisfy appropriate orientation and continuing education guidelines;
- g. Have the capacity and desire to represent the interests of the shareholders as a whole and not primarily a special interest group or constituency.

B. The Committee shall review from time to time the appropriate skills and characteristics required of Board members, including such factors as business experience, diversity, and personal skills in medical technology, finance, marketing, financial reporting and other areas that are expected to contribute to an effective Board.

C. Corporate Governance

The Committee shall periodically review the adequacy and appropriateness of the Company's corporate governance policy, including the Committee's Charter, and make recommendations to the Board concerning any amendments to that policy, charter, or any other matters relating to corporate governance and the rights and interests of the Company's shareholders.

The Committee shall review periodically the compliance with the corporate governance guidelines and code of ethics by the Company's senior executives. The Committee will recommend to the Board as appropriate and oversee the conduct of any internal investigations of the conduct of Senior Executives of the Company other than an investigation commended by the Audit Committee with the scope of its responsibilities.

D. Additional Responsibilities

The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time.

In discharging its duties and responsibilities, the Committee is empowered to investigate any matter relating to its purpose, duties or responsibilities that it deems appropriate and shall have full access to all books, records, facilities and personnel of the Company.

## **6. Resources**

The Committee shall have the right to use reasonable amounts of time of the Company's internal and independent accountants, internal and outside lawyers, and other internal staff and also shall have the right to hire independent experts, lawyers and other consultants to assist and advise the Committee in connection with its responsibilities, and the Company shall provide the funding deemed appropriate by the Committee for any such advisor. The Committee shall keep the Company's Finance Department advised as to the general range of anticipated expenses for outside consultants, and shall obtain the concurrence of the full Board (in advance or after the fact) for expenditures exceeding \$15,000 in any year.