

## **FURIEX PHARMACEUTICALS, INC.**

### **NOMINATING AND GOVERNANCE COMMITTEE CHARTER**

#### **Organization**

The Nominating and Governance Committee (the “Committee”) of the Board of Directors of Furiex Pharmaceuticals, Inc. (the “Company”) is established pursuant to Article IV, Section 4.1 of the Bylaws of the Company. The Board of Directors will appoint committee members annually for a term of one year. The Board of Directors may remove or replace any Committee member at any time. The Board of Directors will also appoint a chairperson for the Committee. The Committee will consist of not less than three nor more than five directors. All Committee members shall meet the independence requirements of the listing standards of the Company’s principal stock exchange (subject to any applicable exceptions permitted under such listing standards) and any other applicable laws, rules and regulations governing independence.

#### **Purpose**

The purpose of the Committee is to assist the Board in promoting the best interests of the Company and its shareholders through the implementation of sound corporate governance principles and practices. The Committee will accomplish this purpose by assisting the Board in identifying individuals qualified to become Board members and recommending to the Board director nominees for the annual meeting of shareholders, reviewing the composition of the Board and its committees, developing and recommending to the Board corporate governance guidelines and overseeing the annual review of the Board’s performance. The Committee shall take a leadership role in shaping the corporate governance policies and practices of the Company.

The Committee will also review and approve any potential conflict of interest under the Company’s codes of conduct and ethics as provided below.

#### **Duties and Responsibilities**

The Committee shall have the following duties and responsibilities:

##### Nominations and Governance

- Develop and recommend to the Board minimum qualifications for director nominees.
- Identify and evaluate potential candidates for all directorships to be filled by the Board of Directors or by the shareholders, in such manner as the Committee deems appropriate. In evaluating potential director nominees, the Committee shall take into account all factors it considers relevant and appropriate.

- Recommend to the Board a slate of nominees for election as directors at the Company's annual meeting of shareholders.
- Recommend to the Board individuals to be appointed as directors in connection with director vacancies and any newly created directorships.
- Review the size and composition of the Board and its committees, taking into account such factors as the business experience and specific areas of expertise of each director, and make recommendations to the Board as necessary.
- Develop and recommend to the Board appropriate corporate governance guidelines. The Committee shall review the guidelines on an annual basis, or more frequently if appropriate, and recommend changes to the Board as necessary.
- Develop and recommend to the Board an annual self-evaluation process for the Board and its committees. The Committee shall oversee the annual self-evaluation process.

#### Codes of Conduct and Ethics

- Ensure that a code of conduct is formalized in writing and obligate management to communicate it to all employees.
- Evaluate whether management is appropriately communicating the importance of the code of conduct and the guidelines for acceptable business practices.
- Review the program for monitoring compliance with the code of conduct.
- Periodically obtain updates from management and the corporate compliance liaison regarding compliance with the code of conduct.
- Investigate possible violations of the Company's codes of conduct and ethics, including conflicts of interest, and report the results and recommendations to the Board of Directors, provided, however, violations, including conflicts of interest, pertaining to accounting, internal control or auditing shall be investigated by the Audit Committee.
- Review and approve any potential conflict of interest under the Company's codes of conduct and ethics, except for any potential conflict of interest pertaining to accounting, internal control or auditing, which shall be referred to the Audit Committee for review and approval.

#### General

- The Committee will meet at such times and places as it deems appropriate and will regularly update the Board of Directors about committee activities and recommendations.

- To carry out its duties and responsibilities, the Committee may retain a search firm to assist it in identifying director candidates and may also retain outside counsel and other advisors as it deems necessary. The Committee shall have sole authority to approve related fees and retention terms of any such search firm or other advisor.
- The Committee will periodically review and assess the adequacy of this charter annually and recommend changes to the Board. The Board of Directors must approve any amendments to this charter.

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Adopted by the Board of Directors on March 17, 2010.