

GI DYNAMICS, INC.

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

I. STATEMENT OF POLICY

This Charter specifies the scope of the responsibilities of the Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of GI Dynamics, Inc. (the “Company”) and the manner in which those responsibilities shall be performed, including its structure, processes and membership requirements.

The primary responsibilities of the Committee are to (i) identify individuals qualified to become Board members; (ii) select, or recommend to the Board, director nominees for each election of directors; (iii) develop and recommend to the Board criteria for selecting qualified director candidates; (iv) consider committee member qualifications, appointment and removal; (v) recommend corporate governance principles, codes of conduct and compliance mechanisms applicable to the Company, and (vi) provide oversight in the evaluation of the Board and each committee. However, ultimate responsibility for these and any other selection and appointment practices of the Company rests with the Board.

II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS

The Committee shall be comprised of three or more directors, each of whom shall satisfy the independence requirements established by the rules of the NASDAQ Stock Market, the rules and regulations of the Securities and Exchange Commission (the “SEC”), the Company’s Corporate Governance Guidelines and, where possible, the Australian Securities Exchange.

The members of the Committee shall be appointed by the Board and shall serve until their successors are duly elected and qualified or their earlier resignation or removal. Any member of the Committee may be removed or replaced, with or without cause, by a majority vote of the Board. Unless a chairman is elected by the full Board, the members of the Committee shall designate a chairman by majority vote of the full Committee membership. The Committee may, from time to time, delegate duties or responsibilities to subcommittees or to one or more members of the Committee.

III. MEETINGS; REPORTING TO BOARD

The Committee shall meet as often as it deems necessary to fulfill its responsibilities hereunder and may meet with management or individual directors at such time as it deems appropriate to discuss any matters before the Committee. Meetings of the Committee will be held at such times and places as the Committee determines. Such meetings may be held through any communications equipment if all persons participating can hear each other.

A majority of the members shall represent a quorum of the Committee, and, if a quorum is present, any action approved by at least a majority of the disinterested members present shall represent the valid action of the Committee, provided that any decision or determination of the Committee reduced to writing and consented to (including by means of electronic transmission) by all members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held. For the purposes hereof, a member of the Committee shall be considered to be disinterested if he or she has no direct or indirect financial interest in the matters to be considered by the Committee.

The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

The Committee shall report regularly to the full Board with respect to its meetings, and concerning significant developments in the course of performing the duties and responsibilities set forth herein or as otherwise requested by the Board.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

To fulfill its responsibilities and duties hereunder, the Committee shall:

A. Nominating Functions

1. Evaluate and select, or recommend to the Board, nominees for each election or reelection of directors, which will include assessing the contributions and independence of individual incumbent directors, except that if the Company is at any time legally required by contract or otherwise to provide any third party with the ability to nominate a director, the Committee need not evaluate or propose such nomination, unless required by contract or requested by the Board.

2. Recommend to the Board candidates to be elected by the Board as necessary to fill vacancies and newly created directorships;

3. Determine criteria for selecting new directors, including desired board skills and attributes, and identify and actively seek individuals qualified to become directors.

4. Establish a procedure for and consider any nominations of director candidates validly made by the Company's stockholders.

5. Review and make recommendations to the Board concerning qualifications, appointment and removal of committee members.

B. Corporate Governance Functions

1. Review on an ongoing basis the adequacy of the Company's Corporate Governance Guidelines and recommend changes to the Board, as necessary or appropriate. Such principles include director qualification standards, director responsibilities, committee responsibilities, director access to management and independent advisors, director compensation, director orientation and continuing education, management succession and annual performance evaluation of the Board and committees.

2. Review, at least annually, the Company's compliance with the Company's Corporate Governance Guidelines, the Australian Securities Exchange corporate governance listing requirements and, if applicable, the listing standards of any national securities exchange on which the Company's securities are then traded, and report to the Board regarding the same.

3. Recommend to the Board candidates for appointment to Board committees and as committee chairs and consider periodically rotating directors among the committees;

4. Consider and recommend as to whether the Board should accept any director resignations, including where a director fails to receive the required number of votes for re-election.

5. Review directorships in other public companies held by or offered to directors and senior officers of the Company.

6. Assist the Board in developing criteria for the evaluation of Board and committee performance.

7. If requested by the Board, assist the Board in its evaluation of the performance of the Board and each committee of the Board.

8. Review and recommend to the Board changes to the Company's bylaws as needed.
9. Develop orientation materials for new directors and corporate governance-related continuing education for all Board members.
10. Develop procedures for stockholders and other interested parties to communicate with the Board.
11. Make reports to the Board regarding the foregoing as appropriate.
12. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.
13. Conduct a periodic review of the Company's succession planning, including policies and principles for Chief Executive Officer selection and succession in the event of an emergency or the retirement of the Chief Executive Officer.

C. Diversity

The Board has delegated authority to the Committee in relation to setting and monitoring measurable objectives and other diversity related initiatives and assessing the Company's achievements regarding diversity. In this regard, the Committee will:

1. Recommend measurable diversity objectives for the Board to adopt.
2. Annually assess performance against the objectives as well as assess the appropriateness of the objectives and whether new objectives are required.
3. Report annually to the Board on the above assessment and the status of diversity within the Company (including the relative proportions of women to men employed throughout the organization as well as at senior management level and on the Board).

V. RESOURCES AND AUTHORITY

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and request information from management in connection with such investigation. The Committee shall have sole authority to retain and terminate any consultant to be used to assist in the performance of the Committee's duties, and shall have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. Without limitation, the Committee shall have the sole authority to retain or terminate any search firm to be used to identify director candidates and to determine and approve the terms, costs and fees for such engagements. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation of any such advisors.

VI. ANNUAL REVIEW

The Committee shall review on at least an annual basis (i) this Charter and the scope of responsibilities of this Committee; and (ii) the Committee's performance of its duties. Any proposed changes to this Charter or the Committee's scope of responsibilities, where indicated, shall be referred to the Board for appropriate action.