

PENWEST PHARMACEUTICALS CO.

Nominating and Governance Committee Charter

Adopted June 7, 2006

A. Purpose

The purpose of the Nominating and Corporate Governance Committee is to:

- recommend to the Board the persons to be nominated for election as directors at any meeting of shareholders;
- develop and recommend to the Board a set of corporate governance principles applicable to the Company; and
- oversee the evaluation of the Board.

B. Structure and Membership

1. Number. The Nominating and Governance Committee shall consist of such number of directors as the Board shall from time to time determine.
2. Independence. Except as otherwise permitted by the applicable rules of NASDAQ, each member of the Nominating and Governance Committee shall be an “independent director” as defined by such rules.
3. Chair. Unless the Board elects a Chair of the Nominating and Governance Committee, the Committee shall elect a Chair by majority vote.
4. Compensation. The compensation of Nominating and Governance Committee members shall be as determined by the Board.
5. Selection and Removal. Members of the Nominating and Governance Committee shall be appointed by the Board, upon the recommendation of the Committee. The Board may remove members of the Nominating and Governance Committee from the Committee, with or without cause.

C. Authority and Responsibilities

General

The Nominating and Governance Committee shall discharge its responsibilities, and shall obtain and assess the information provided by the Company’s management, in accordance with its business judgment.

Board and Committee Membership

1. Selection of Director Nominees. Except where the Company is legally required by contract, by law or otherwise to provide third parties with the ability to

nominate directors, the Nominating and Governance Committee shall be responsible for identifying individuals qualified to become Board members and for recommending to the Board the persons to be nominated for election as directors at any meeting of shareholders and the persons to be elected by the Board to fill any vacancies on the Board. In making such recommendations, the Committee shall consider candidates proposed by shareholders. The Committee shall review and evaluate information available to it regarding candidates proposed by shareholders and shall apply the same criteria, and shall follow substantially the same process in considering them, as it does in considering other candidates.

2. Criteria for Selecting Directors. The Board's criteria for selecting directors are as set forth in the Company's Corporate Governance Guidelines. The Nominating and Governance Committee shall use such criteria and the principles set forth in such Guidelines to guide its director selection process. The Committee shall be responsible for reviewing with the Board, on an annual basis, the requisite skills and criteria for new Board members as well as the composition of the Board as a whole. The Committee may adopt, and periodically review and revise as it deems appropriate, procedures regarding director candidates proposed by shareholders.
3. Search Firms. The Nominating and Governance Committee shall have the authority to retain and terminate any search firm to be used to identify director nominees, including authority to approve the search firm's fees and other retention terms. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of any search firm engaged by the Committee.
4. Selection of Committee Members. The Nominating and Governance Committee shall be responsible for recommending to the Board the directors to be appointed to each committee of the Board.
5. Corporate Governance Guidelines. The Nominating and Corporate Governance Committee shall develop and recommend to the Board a set of Corporate Governance Guidelines applicable to the Company. The Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of such Corporate Governance Guidelines and recommend any proposed changes to the Board for approval.

Evaluation of the Board and Management

6. Evaluation of the Board. The Nominating and Governance Committee shall be responsible for overseeing an annual self-evaluation of the Board to determine whether it and its committees are functioning effectively. The Committee shall determine the nature of the evaluation, supervise the conduct of the evaluation and prepare an assessment of the Board's performance, to be discussed with the Board.

6. Additional Powers. The Nominating and Governance Committee shall have such other duties as may be delegated from time to time by the Board of Directors.

D. Procedures and Administration

1. Meetings. The Nominating and Governance Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Committee shall keep such records of its meetings as it shall deem appropriate.
2. Subcommittees. The Nominating and Governance Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances.
3. Reports to the Board. The Nominating and Governance Committee shall report regularly to the Board.
4. Charter. The Nominating and Governance Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
5. Independent Advisors. The Nominating and Governance Committee shall have the authority to engage such independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such advisors as established by the Committee.
6. Investigations. The Nominating and Governance Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Committee or any advisors engaged by the Committee.
7. Periodic Self-Evaluation. The Nominating and Governance Committee shall periodically evaluate its own performance.