

**WAVE SYSTEMS CORP.  
NOMINATING COMMITTEE CHARTER**

**PURPOSE**

The Nominating Committee (the "Nominating Committee") shall assist the Board of Directors (the "Board") of the Company in identifying individuals qualified to become members of the Board of Directors (the "Board") and to select, or recommend that the Board select, a group of director nominees for each next annual meeting of the shareholders of the Company.

**NOMINATING COMMITTEE COMPOSITION**

The Nominating Committee shall consist of two or more directors, each of whom shall satisfy the applicable independence requirements of The Nasdaq Stock Market, Inc. and any other regulatory requirements. The members of the Nominating Committee shall be appointed by the Board at the annual organizational meeting of the Board. Members shall serve until their successors shall be duly appointed. The Board, upon recommendation by the Nominating Committee, may remove any committee member at any time.

**MEETINGS**

The Nominating Committee shall meet at as often as is warranted, but not less frequently than annually.

**RESPONSIBILITIES**

The Nominating Committee shall make regular reports to the Board. The Nominating Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Nominating Committee shall annually review the Nominating Committee's own performance.

The Nominating Committee shall have the power and authority of the Board to perform the following duties and fulfill the following responsibilities:

1. Determine the criteria for membership on the Board, including desired skills and attributes.
2. Identify and evaluate potential director candidates and submit to the Board the candidates for director to be recommended by the Board for election at each annual meeting of shareholders and to be added by the Board at any other times due to Board expansions, director resignations or retirements or otherwise and candidates for membership on each Board committee.
3. Evaluate each new director candidate and each incumbent director before recommending that the Board nominate or re-nominate such individual for election or reelection. The Nominating Committee shall have the sole authority to retain and terminate any search firm

used to identify director candidates and to approve any such search firm's fees and other terms of retention.

4. Monitor performance of directors. If any serious problems are identified, work with such director to resolve such problems, or, if necessary, seek the director's resignation or recommend to the Board the director's removal.

5. Develop and periodically review and revise, as appropriate, a management succession plan and related procedures. Consider and recommend to the Board candidates for successor to the chief executive officer of the Company and, with appropriate consideration of the chief executive officer's recommendations, candidates for successors to other executive officers, in each case when vacancies shall occur in those offices.

6. Receive and evaluate shareholder nominations for directors (in compliance with nomination procedures specified in the Company's bylaws).