

PATRIOT CAPITAL FUNDING, INC.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

I. Purpose

The purpose of the Nominating and Corporate Governance Committee (the “Committee”) is to assist the full Board of Directors (the “Board”) in fulfilling its responsibilities to assure that Patriot Capital Funding, Inc. (the “Company”) is governed in a manner consistent with the interests of the stockholders of the Company and in compliance with applicable laws, regulations, rules and orders. Without limiting the foregoing, the Committee shall advise the Board with respect to: (a) Board organization, membership and function; (b) committee structure, membership and operations (including the advisability of allowing any committee to delegate to subcommittees); (c) succession planning for the executive officers of the Company; and (d) matters relating to corporate governance.

II. Membership Requirements

The Committee shall be comprised of that number of Directors as the Board shall determine from time to time, such number not to be less than three (3). The members of the Committee, including any alternate member designated by the Board (the “Alternate Member”), shall meet the independence and experience requirements of the Nasdaq as well as applicable regulations, rules and orders of the Securities and Exchange Commission (the “SEC”). The members of the Committee, including the Chair thereof, shall be appointed annually by the Board.

III. Meetings

The Committee shall meet as often as it determines to be appropriate, but not less frequently than once a year. Meetings may be called by the Chair of the Committee or the Chair of the Board. All meetings of and other actions by the Committee shall be held or otherwise taken pursuant to the Company’s Restated Bylaws, including bylaw provisions governing notices of meetings, waivers thereof, the number of Committee members required to take actions at meetings or by written consent, and other related matters.

- A. Unless otherwise authorized by an amendment to this Charter or as provided in the Bylaws of the Company, the Committee shall not delegate any of its authority to any subcommittee.
- B. Reports of meetings of and/or actions taken by the Committee (whether at a meeting or by consent) from time to time shall be made by the Chair of the Committee (or by his or her delegate) to the full Board. In addition, the Chair of the Committee (or his or her delegate) shall be available from time to time to answer any questions that the other Directors may have regarding the matters considered and actions taken by the Committee.

IV. Responsibilities

The following are the general responsibilities of the Committee and are set forth only for its guidance. The Committee, however, may diverge from these responsibilities and/or may assume such other responsibilities as the Board may delegate from time to time and/or as the Committee may deem necessary or appropriate from time to time in performing its functions in accordance with the Restated Bylaws and other governance documents of the Company and in accordance with applicable law. The Committee shall:

A. Board of Directors

- a. Evaluate periodically the size and composition of the Board.
- b. Evaluate each new Director candidate and each incumbent Director in accordance with any general and specific qualifications, experience and characteristics which may have been approved by the Board or determined by the Committee from time to time. Such qualifications should reflect a candidate's integrity, business ethics, strength of character, judgment, experience, availability and independence.
- c. Seek to identify potential Director candidates to fill open positions, created either by vacancies, retirements, resignations, expansion of Board size or otherwise, including those nominated by shareholders. The Committee may retain any search firm to identify Director candidates, as deemed appropriate.
- d. Recommend to the Board the candidates for Director to be recommended by the Board for election at each annual meeting of stockholders and to be added to the Board at any other times, as necessary.
- e. Annually assess the performance of the Board through solicitation of comments from all Board members. The Committee shall report annually to the Board on its assessment of the Board's performance.

B. Board Committees

- a. Annually review and reassess the performance, operations, charter of each standing or ad hoc committee of the Board (including any authority of a committee to delegate to a subcommittee) and the performance of each committee member and recommend any changes considered appropriate in the operations, charter, membership or composition of each committee.

C. Corporate Governance/Other Matters

- a. Monitor and make recommendations to the Board on matters of Company policies and practices relating to corporate governance.
- b. Assist the Board in evaluating the performance of and other factors relating to the retention of the Chief Executive Officer, and if applicable, in identifying

and recommending a successor to the Chief Executive Officer of the Company.

- c. Assist the Board in evaluating the performance of the Chairman of the Board and in identifying and recommending a successor to the Chairman of the Board. If a member of the Committee is being considered for the position of the Chairman of the Board, such member (the “Recused Member”) shall recuse himself or herself from the deliberations relating thereto and voting thereon. In such event, the Alternate Member shall participate in the Committee’s deliberations relating thereto and voting thereon.
- d. Perform such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board of the Company and/or the Chairman of the Board, or as designated in Company documents.

V. Additional Resources

Subject to the approval of the Board, the Committee shall have the right to use reasonable amounts of time of the Company’s independent accountants, 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. The Committee shall keep the Company’s Chief Financial Officer advised as to the general range of anticipated expenses for outside consultants, and shall obtain the concurrence of the Board in advance for any expenditures.

VI. Disclosure of Charter

This charter will be made available on the Company’s website at “www.pat-cap.com.”