

CURATIVE HEALTH SERVICES, INC.
CORPORATE GOVERNANCE GUIDELINES

Role and Composition of the Board of Directors

1. The Board of Directors, which is elected by the shareholders, is the ultimate decision-making body of the Company except with respect to those matters reserved for the shareholders. It selects the senior management team, which is charged with the conduct of the Company's business. Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors its performance.
2. The Board should promote policies within the Company that encourage a corporate culture of openness, honesty, fairness and accountability. These policies also should apply to the Board and to relationships among and between the Board, stockholders, and employees.
3. It is the policy of the Company that the positions of Chairman of the Board and Chief Executive Officer may, but are not required to, be held by the same person. The function of the Board in monitoring the performance of senior management of the Company is fulfilled by the presence of outside Directors of stature who are involved in ongoing communication and coordination with senior management.
4. It is the policy of the Company that the Board consist of a majority of outside directors and that the number of Directors not exceed a number that can function efficiently as a body. The Governance Committee, in consultation with the Chairman and CEO, considers and makes recommendations to the Board concerning the appropriate size and needs of the Board. The Governance Committee considers candidates to fill new positions created by expansion and vacancies that occur from resignations or any other reason. Candidates are selected for their character, judgment, business experience and acumen, and high performance standards. Additional relevant competencies include health care industry experience, demonstrated leadership or management experience, public company board experience, familiarity with national issues affecting the business, financial and accounting expertise, and compatibility with the Board. Board candidates may be identified by director, chief executive or other officer, third party search firm, or other recommendations, including shareholder recommendations. Final approval of a candidate is determined by the full Board.
5. It is the general policy of the Company that all major decisions be considered by the Board as a whole. As a consequence, the committee structure of the Board is limited to those committees considered to be basic to or required for the operation of the Company. Currently these committees include the Audit Committee, Compensation Committee, Executive Committee, Governance Committee, and Regulatory and Compliance Committee.
6. It is the policy of the Company that, to the extent applicable, the chairs of the Audit, Compensation, or Governance committees of the Board each act as the chair at meetings

or executive sessions of the outside directors at which the principal items to be considered are within the scope of the authority of his or her committee. This practice provides for leadership at all such meetings without the need to designate a lead director.

7. The Board conducts an annual self-evaluation to determine whether the Board and its committees are functioning effectively. The Governance Committee recommends relevant policies and procedures for such process, and reviews and discusses the results of such evaluations with the Board. The assessment focuses on the Board's contribution to the Company and specifically on any areas in which the Board or management believe that the Board could improve.

Functioning of the Board

1. The Chairman of the Board sets the agenda for Board meetings, with the understanding that certain items pertinent to the advisory and monitoring functions of the Board (such as the annual corporate budget and Committee reports) be brought to it periodically for review and/or decision. Any member of the Board may request that an item be included in the agenda.

2. Board materials related to the agenda items are provided to Board members sufficiently in advance of Board meetings where necessary to allow Directors to prepare for discussion of the items at the meeting.

3. At the invitation of the Board, members of senior management recommended by the Chairman attend Board meetings or portions of Board meetings for the purpose of participating in discussions. Generally, presentations of matters to be considered by the Board are made by the manager responsible for that area of the Company's operations. In addition, Board members have free access to all other members of management and employees of the Company.

4. Executive sessions or meetings of outside directors without management present are held at regular Board meetings. Additional executive sessions or meetings of outside Directors may be held from time to time as required. Executive sessions or meetings are held from time to time with the CEO for a general discussion of relevant topics.

Functioning of Committees

1. The Audit Committee, Compensation Committee and Governance Committees are made up of only outside directors. The Board determines which members are independent of the management of the Company, in accordance with the listing standards of the NASDAQ National Market or such other national securities exchange on which the Company's securities are then listed, as may be amended from time to time, the rules and regulations of the Securities and Exchange commission, and any other legal requirements applicable to the Company. Any related party transaction which would be required to be disclosed by applicable law, regulation or securities exchange is required to be approved in advance by the Audit Committee.

2. The frequency, date and time, length and agenda of committee meetings are determined by the respective committee chair, in consultation with other committee members. Sufficient time to consider the agenda items will be provided. Materials related to agenda items are provided sufficiently in advance of the meeting where necessary to allow the members to prepare for discussion of the items at the meeting.

3. The respective committee chair shall notify all Board members in advance of the date and time of the respective committee meeting. Any non-committee member who wishes to attend a committee meeting shall notify the committee chair in advance of the meeting, and shall not have any voting rights or receive compensation for such attendance.

Director Responsibilities, Orientation and Continuing Education

1. The basic responsibility of Directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of senior executives and its outside advisors and auditors. The directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf.

2. Directors are expected to attend Board meetings and meetings of the committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. The Board recognizes that occasional meetings may need to be scheduled on short notice when the participation of a director is not possible and that conflicts may arise that may prevent a Director from attending a meeting, but expects that each Director will endeavor to keep absences to a minimum. Although participation by conference telephone or other communications equipment is allowed, personal attendance is encouraged. Director attendance at the shareholder annual meeting is required, absent extenuating circumstances.

3. All new Directors shall receive an orientation package, including a copy of the Company's by-laws and charter, committee charters, the Code of Business Practices, the Corporate Governance Guidelines, recent SEC filings, analyst reports, director evaluation forms and any other pertinent information. The new director will attend a meeting with the CEO to be briefed on the Company's strategic plans, its significant financial, accounting and risk management issues and current significant exploration and development projects.

4. Directors are strongly encouraged to keep current with developments relevant to the duties of a director, including an understanding of corporate governance best practices. To assist with this aim, the Company provides membership in the National Association of Corporate Directors for each Director.

Shareholder Communications with the Board

1. Shareholders who desire to communicate directly with the Board should provide their communication to the Board in writing sent to the Corporate Secretary, at the principal executive

offices of the Company. The Corporate Secretary will forward such communication to the chair of the Governance Committee, or if principally related to financial or accounting matters or internal controls, to the chair of the Audit Committee.

2. Shareholders desiring to recommend nominations to the Board shall submit such recommendations as provided in the Company's bylaws. The Governance Committee shall consider any such recommendations as it considers appropriate, and evaluate any such nominees in accordance with the standards for director candidates set forth above, and make any necessary and appropriate disclosures with respect to any such recommendation as required by law, regulation or applicable securities exchange.

Code of Business Conduct and Ethics

1. The Board has adopted and shall maintain code(s) of proper business practices and ethics for the directors, officers and employees of the Company in compliance with the applicable legal and regulatory requirements. The code(s) shall be posted on the Company's website or otherwise disclosed as appropriate. The purpose of the code shall be to focus the directors, officers, and employees on areas of ethical and compliance risk, provide guidance in recognizing and dealing with applicable issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability.

2. Each Director shall act at all times in accordance with the applicable requirements of the code(s). Waivers of the code(s) for any officer or director may only be made by the Board or by a Board committee composed of independent directors. Any waiver for an officer or director must be posted on the Company website and/or otherwise disclosed as required by law.

Reports of Irregularities

Any reports of concerns involving significant financial or accounting issues, internal auditing controls, or other significant irregularities shall be brought to the attention of the Chair of the Audit Committee. These reports are confidential and may be anonymous if made using the reporting hotline as approved by the Audit Committee. The Board shall be notified of these reports at every quarterly Board meeting or sooner, if necessary or appropriate.

Additional Corporate Governance Processes

1. The Corporate Secretary shall be the officer responsible for ensuring the distribution of, and assisting with the ongoing compliance with, the corporate governance guidelines within the Company. The Corporate Secretary may communicate with the Board, the Committee chairs, or any individual Director at any time regarding matters pertaining to corporate governance.

2. These guidelines will be reviewed by the Board from time to time.