

NDCHEALTH CORPORATION BOARD OF DIRECTORS CORPORATE GOVERNANCE GUIDELINES

THE MISSION OF THE BOARD OF DIRECTORS

The Board of Directors (the “Board”) of NDCHealth Corporation (the “Company”) represents the stockholders’ interests in perpetuating and increasing the value of the business enterprise, including optimizing long-term financial returns consistent with societal considerations. The Board is responsible for directing the management of the Company and overseeing management in the execution of its duties by regularly monitoring the effectiveness of management policies and decisions, including the execution of the Company’s strategic plan. To fulfill its responsibilities, the Board adheres to the standards and procedures set forth in these guidelines.

In fulfilling the Board’s responsibilities, the Board and its committees have complete authority to consult with outside counsel and to engage other professional advisors with respect to any issues relating to their activities. Any expenses incurred by the Board or its committees in connection with any such consultation or engagement shall be paid by the Company.

SELECTION OF THE BOARD

1) Board Membership Criteria

The Governance and Nominating Committee should annually review with the Board the appropriate experience, skills and characteristics required of Board members in the context of the current membership of the Board. This assessment should include, with consideration for of the perceived needs of the Board at the time, issues of experience, judgment, diversity and skills such as understanding of the Company’s markets, customers and technologies, accounting or financial management expertise, etc.

Candidates for membership on the Board should also be chosen in light of the Board’s expectation that each director will be available to actively participate in meetings of the Board and those Committees on which such director serves, review meeting materials in advance and otherwise to appropriately prepare for such meetings and to actively participate in the Board’s and Committees’ functions apart from meetings.

2) Selection of New Directors

The Board is responsible for selecting its own nominees and recommending them for election by the stockholders. The Board delegates the screening process necessary to identify qualified candidates to the Governance and Nominating Committee in consultation with the Chairman of the Board and Chief Executive Officer.

3) Orientation and Continuing Education

New directors should be provided with an orientation process that includes comprehensive information regarding the Company's business and operations, information regarding the industry in which the Company operates and other background material, meetings with senior management, visits to Company facilities and information relating to the responsibilities of directors and committee members. Recognizing the need for continuing education and the Board's regular process of evaluating its performance, supplemental information should be provided to directors from time to time as appropriate.

BOARD LEADERSHIP

4) Selection of Chairman and Chief Executive Officer

The Board has the responsibility to fill these leadership positions as it deems best for the Company at a given point in time. The Board believes that, generally, these two offices should be combined and held by a single executive of the Company.

5) Selection of Lead Director

The Board has the responsibility to elect from time to time, from among the non-employee directors and with the concurrence of a majority of the non-employee directors, a Lead Director to preside at meetings of the non-employee directors and to perform other duties determined for that position by the Board from time to time.

BOARD COMPOSITION AND PERFORMANCE

6) Size of the Board

The Company's Restated Certificate of Incorporation, provides for a minimum of three members of the Board, with the exact number to be fixed by resolution of the Board. The Board believes that it is preferable for the Company to have fewer directors than may serve on the boards of some other corporations of comparable

size, with the anticipation that each of the directors will be more active in the operations of the Board and, as a result, the Board will be more effective.

7) Mix of Management and Independent Directors

A substantial majority of the members of the Board must be independent directors. The Board will consider and determine on an annual basis with respect to each director or nominee for director, whether such director has any material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) and only those directors that the Board determines have no such material relationship may be considered independent. A director will not be considered “independent” if he or she:

- (i) has, within the previous five years, been employed by the Company;
- (ii) has, within the previous five years, been affiliated with or employed by an entity that provides or has provided, within the previous five years, audit services to the Company or an affiliate of the Company;
- (iii) has, within the previous five years, been a part of an interlocking directorate in which an executive officer of the Company serves on the compensation committee of another company that concurrently employs the director; or
- (iv) is an immediate family member of a person that would be disqualified under any of the foregoing categories.

Members of management are, and are expected to continue to be, a valuable resource with much to contribute to the effective functioning of the Board. The Board believes, however, that management should encourage senior managers to understand that Board membership is not necessary or a prerequisite to any higher management position. Members of management who are not directors currently attend Board meetings on a regular basis as requested by the Chairman and Chief Executive Officer.

8) Directors Who Change Their Job Responsibility

A director who changes the responsibility of his or her primary employment held when initially elected is expected to discuss with the Governance and Nominating Committee such director’s new or changed responsibilities in his or her primary employment. The Board, through the Governance and Nominating Committee will thereby have an opportunity to review the benefits provided to the Company and the Board by such director and the continued appropriateness of Board membership under the director’s changed circumstances.

9) Age of Directors

It is the view of the Board that directors should not serve in such capacity later than the first annual meeting of stockholders following the 70th birthday of such director. The Company's bylaws should provide that after such date a person would not meet the qualifications to serve as a director.

10) Service on Other Boards of Directors

Prior to accepting an invitation to serve on another public company board of directors, directors should advise the Chairman and Chief Executive Officer and the Chairman of the Governance and Nominating Committee. The Board believes that directors should limit the number of other public company boards on which they serve, taking into account potential board attendance, participation and effectiveness on these boards.

11) Review of Directors' Contribution to the Board.

The Governance and Nominating Committee will formally review each director's contribution to the Board shortly before the end of such director's then-current term. This review shall be conducted in connection with the consideration of nominations to the Board at the stockholders meeting at which such director's term shall expire.

12) Board Compensation

In order to create a direct linkage with corporate performance, the Board believes that a meaningful portion of a director's compensation should be provided in the Company's common stock to further the direct correlation of director and stockholder interests. Annually, management shall report to the Governance and Nominating Committee and the Compensation Committee the status of the Company's Board compensation in relation to other comparable U.S. companies. This information, along with consideration of the activities of the Company's directors on behalf of the Company, shall be considered in setting the form and amount of the directors' compensation.

Changes in the compensation of directors, if any, should be approved by the Compensation Committee with the concurrence of the Governance and Nominating Committee in view of the principles established by the Board and reviewed from time to time.

13) Executive Sessions of Non-Management Directors

The directors who are not members of the Company's management shall meet in executive session outside the presence of the Chairman and Chief Executive

Officer and other Company personnel during a portion of each of the Board's in-person meetings and as such directors otherwise determine. The executive sessions shall be chaired by the Lead Director.

14) Assessing the Board's and its Committees' Performance

Following the end of each fiscal year, the Governance and Nominating Committee shall lead the Board in an assessment of the Board's and its Committees' performance.

This assessment should review the Board's contribution as a whole and each of its Committees as a whole and areas in which the Board and/or management believes a better contribution is possible. Its purpose is to assess and, where possible, increase the effectiveness of the Board and its committees.

Annually, the Governance and Nominating Committee shall review the Company's corporate governance guidelines and it shall report to the Board with respect to its review of these guidelines and any recommendations for revisions to be considered by the Board.

15) Communications From Directors

The Board believes that management speaks for the Company. From time to time, it may be desirable for individual Board members, at the request of management, to meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman and Chief Executive Officer.

BOARD RELATIONSHIP TO SENIOR MANAGEMENT

16) Board Access to Senior Management

Board members have complete access to the Company's management. Board members should use judgment to be sure that any contacts are not distracting to the business operations of the Company and, generally, the Chairman and Chief Executive Officer should be advised of any significant contacts between directors and management. Furthermore, the Board encourages senior management, from time to time, to bring into Board meetings managers who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas; and/or (b) represent managers with future potential that the senior management believes should be given exposure to the Board.

When necessary and appropriate in the view of Board members, they have access to the Company's independent advisors. Board members should use judgment that such contacts are not contrary to the role and responsibility of management

and are not distracting to the Company's business operations or the role of such advisors for the Company.

MEETING PROCEDURES

17) Selection of Agenda Items for Board Meetings

The Chairman and Chief Executive Officer, in consultation with the Lead Director, shall establish the agenda for each Board meeting. The Lead Director shall act as the Board's liaison with the Chairman and Chief Executive Officer in the development of the agendas. Each Board member is encouraged to suggest the inclusion of item(s) on the agenda. Each director is also encouraged to raise at any Board meeting subjects that are not on the agenda for that meeting. The agenda for each Board meeting shall include an open agenda item to elicit from the directors subjects not otherwise placed on the agenda.

18) Board Materials Distributed in Advance

In advance of each Board or Committee meeting, a proposed agenda and, to the extent feasible or appropriate, information and data that is important to an understanding of the business to be discussed will be distributed. In this way, meeting time may be conserved and discussion time focused on questions that the Board has about the material.

COMMITTEE MATTERS

19) Number, Structure and Independence of Committees

Currently, the Company has three standing Committees, which are Audit, Compensation and Governance and Nominating. All members of these standing committees shall be "independent" directors within the meaning of Section 7 of these corporate governance guidelines. From time to time, the Board may chose to form new Committees or alter or disband existing Committees, as the Board may determine.

Each standing Committee shall operate under a charter that shall be adopted by the Board and periodically reviewed and evaluated by the Committee involved and the Board.

20) Assignment of Committee Members

The Governance and Nominating Committee shall, after consultation with the Chairman and Chief Executive Officer and with consideration of the desires of individual Board members, recommend to the full Board the assignment of Board members to the Committees.

It is the sense of the Board that consideration should be given to rotating Committee members periodically, but the Board does not feel that such a rotation should be mandated as a policy although consideration of the sense of the Board should be reflected in the deliberations of the Governance and Nominating Committee with respect to Committee membership.

21) Frequency and Length of Committee Meetings

Committee Chairs, in consultation with Committee members, will determine the frequency and length of Committee meetings. Each Committee shall meet at least as frequently as is required by the terms of such Committee's charter and as required to discharge the responsibilities of such Committee.

To the extent consistent with the duties of each Committee, meetings will be scheduled in conjunction with meetings of the Board.

22) Committee Agenda

Committee Chairs, in consultation with the appropriate members of senior management and staff, will develop the agenda for their respective Committee meetings.

LEADERSHIP DEVELOPMENT

23) Formal Evaluation of the Chairman and Chief Executive Officer

Annually, the Governance and Nominating Committee shall lead the Board in its evaluation of the performance of the Chairman and Chief Executive Officer.

The evaluation will be communicated to the Chairman and Chief Executive Officer by the Chairman of the Governance and Nominating Committee and communicated to and used by the Compensation Committee in the course of its deliberations when considering the compensation of the Chairman and Chief Executive Officer for the ensuing year.

24) Succession Planning and Management Development

There should be an annual report by the Chairman and Chief Executive Officer to the Board on succession planning and the Company's program for management development. Through the process of discussing succession planning with the Board, the Chairman and Chief Executive Officer should on a continuing basis keep the Board apprised of his or her recommended successor (as the result of an unexpected event).