

Span-America Medical Systems, Inc.
Policy with respect to Director Nominations
Adopted January 12, 2004

1. **Parties Responsible for Nominations.** The directors of Span-America Medical Systems, Inc. (the “Company”) who are independent (as defined by NASDAQ listing standards applicable to the Company, and referred to herein as “Independent Director(s)”) shall be responsible for identifying and evaluating potential nominees for election to the Company’s Board of Directors.
2. **Minimum Qualifications.** A nominee recommended for a position on the Company’s Board of Directors must meet the following minimum qualifications:
 - (a) he or she must be over 21 years of age and under 72 years of age at the time of election (the Company’s bylaws provides that no person shall be elected to serve as a director for a term that will commence after such person’s 72nd birthday);
 - (b) he or she must have experience in a position with a high degree of responsibility in a business or other organization;
 - (c) he or she must be able to read and understand basic financial statements;
 - (d) he or she must possess integrity and have high moral character;
 - (e) he or she must be willing to apply sound, independent business judgment; and
 - (f) he or she must have sufficient time to devote to the Company.
3. **Evaluation Criteria.** The Company’s independent directors shall evaluate a potential nominee by considering whether the potential nominee meets the minimum qualifications described above, as well as by considering the following factors:
 - (a) whether the potential nominee has leadership, strategic, or policy setting experience in a complex organization, including any scientific, governmental, educational, or other non-profit organization;
 - (b) whether the potential nominee has experience and expertise that is relevant to the Company’s business, including any specialized business experience, technical expertise, or other specialized skills, and whether the potential nominee has knowledge regarding issues affecting the Company;
 - (c) whether the potential nominee is highly accomplished in his or her respective field;
 - (d) in light of the relationship of the Company’s business to the medical science field, whether the potential nominee has received any awards or honors in the fields of medicine or the biological sciences and whether he or she is recognized as a leader in medicine or the biological sciences;
 - (e) whether the addition of the potential nominee to the Board of Directors would assist the Board of Directors in achieving a mix of Board members that represents a diversity of background and experience, including diversity with respect to age, gender, national origin, race, and competencies;
 - (f) whether the potential nominee has high ethical character and a reputation for honesty, integrity, and sound business judgment;
 - (g) whether the potential nominee is independent, as defined by NASDAQ listing standards, whether he or she is free of any conflict of interest or the appearance of any conflict of interest with the best interests of the Company and its shareholders, and whether he or she is willing and able to represent the interests of all shareholders of the Company;

- (h) whether the potential nominee is financially sophisticated, as defined by NASDAQ listing standards, or qualifies as an audit committee financial expert, as defined by SEC rules and regulations; and
 - (i) any factor affecting the ability or willingness of the potential nominee to devote sufficient time to Board activities and to enhance his or her understanding of the Company's business.
4. **Audit Committee Financial Expert.** The Company shall not be required to have an "Audit Committee Financial Expert," as defined in the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"); however, the Company shall seek to ensure that one of the Company's directors serving on the Company's audit committee possess such qualities and skills as are necessary for him or her to qualify as an Audit Committee Financial Expert if such a person is reasonably available as determined by the Company's Independent Directors.
5. **Professional Search Firm.** The Independent Directors may retain such professional third party assistance as they deem necessary or desirable to identify potential nominees for director, and all expenses incurred in connection therewith shall be paid by the Company.
6. **Shareholder Nominations.** The Independent Directors shall consider potential nominees who are recommended by shareholders.
- (a) The manner in which the Independent Directors evaluate a potential nominee shall not differ based on whether the potential nominee is recommended by a shareholder of the Company.
 - (b) The Independent Directors shall consider director nominees recommended by a shareholder if such shareholder sends a written notice to the Company's Secretary at the address of the Company's current corporate headquarters that sets forth:
 - (i) the name of each person whom the shareholder recommends be considered as a nominee;
 - (ii) a business address and telephone number for each nominee (an e-mail address may also be included); and
 - (iii) biographical information regarding such person, including the person's employment and other relevant experience; and
 - (c) The Independent Directors shall not be required to consider shareholder nominees for a given annual meeting of shareholders unless such written notice is received no later than the 120th calendar day before the first anniversary of the date of the Company's proxy statement in connection with the previous year's annual meeting.
7. **Incumbent Directors.** With respect to an incumbent director whom the Independent Directors are considering as a potential nominee for re-election, the Company's Independent Directors shall review and consider the incumbent director's service to the Company during his or her term, including the number of meetings attended, level of participation, and overall contribution to the Company in deciding whether to nominate such incumbent director for re-election.
8. **Director Attendance at Shareholder Meetings.** All of the Company's directors and nominees for election as directors are expected to attend all shareholder meetings except in cases of extraordinary circumstances.