



NSC CORPORATE GOVERNANCE GUIDELINES

The Board of Directors of National Scientific Corporation has adopted the following guidelines in furtherance of its continuing efforts to enhance its corporate governance. The Board will review and amend these guidelines as it deems necessary and appropriate.

1. Board Mission and Director Responsibilities.

The Board is elected by the stockholders to oversee their interest in the long-term financial strength and overall success of the business. The Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the stockholders. The Board selects and oversees the Chief Executive Officer and other executive officers of the Company, who are charged by the Board with conducting the business of the Company.

The core responsibility of the 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 stockholders as provided by the corporation law of the state of Texas, the state in which the Company is incorporated. Directors must fulfill their responsibilities consistent with their fiduciary duty to the stockholders, in compliance with all applicable laws and regulations. Directors will also, as appropriate, take into consideration the interests of other stakeholders, including employees and the members of communities in which the Company operates.

The Board provides advice and counsel to the Chief Executive Officer and other executive officers of the Company. The Board oversees management's efforts to ensure that the assets of the Company are properly safeguarded, that appropriate financial and other controls are maintained, and that the Company's business is conducted wisely and in compliance with applicable laws and regulations.

In discharging their duties, Directors may rely on the Company's executive officers and outside advisors and auditors. Accordingly, skill and integrity will be important factors in selection of the Company's executive officers and other advisors. The Board has the authority to hire independent legal, financial, or other advisors as the Board may deem necessary.

Directors are expected to attend all meetings of the Board and of the committees on which they serve and each annual meeting of stockholders. Directors should devote the time and effort necessary to fulfill their responsibilities. To the extent possible, information important to Directors' understanding of issues to come before the Board or a committee should be provided sufficiently in advance of the meeting to permit Directors to inform themselves. Directors are expected to review these materials before the meeting.

The Board will hold regularly scheduled meetings at least four times a year. The Chairman of the Board will set the agenda for Board meetings. Any Director may suggest items for inclusion on the agenda. Any Director may raise a subject that is not on the agenda at any meeting. Certain items pertinent to the oversight and monitoring function of the Board will be brought to the Board regularly. The Board will review the Company's long-term strategic plans and the most significant financial, accounting and risk management issues facing the Company at least once a year.

2. Committees of the Board.

The Board has two standing committees: Audit and Compensation. The Board may establish additional committees as necessary or appropriate.

Only independent Directors may serve on the Audit Committee. Each of these committees has its own charter. Each of these charters sets forth the responsibilities of the committee, the qualifications, and procedures of the committee and how the committee will report to the Board. Each committee will conduct a self-evaluation annually.

The Chairman of each committee will determine the frequency of committee meetings, consistent with the committee's charter and the Company's needs.

3. Director Access to Officers, Employees, Information and Independent Advisors.

Directors have full and free access to officers, employees and the books and records of the Company. The Directors should use their judgment to ensure that any such contact is not disruptive to the business operations of the Company.

Directors also have access to, and funding for, independent advisors as necessary and appropriate.

4. Director Orientation and Continuing Education.

All new Directors will receive an orientation designed to familiarize new Directors with the Company's business and strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its internal and independent auditors. Any sitting Directors may attend the Orientation Program. This orientation will be supplemented with continuing education on these topics and related developments from time to time.

5. Management Succession.

The Board oversees management succession planning, including the Company's policies and principles for Chief Executive Officer selection and performance review, and policies regarding succession in the event of an emergency or retirement of the Chief Executive Officer.

6. Annual Board Performance Evaluation.

The Board of Directors will conduct an annual self-evaluation to determine whether the individual directors and the committees of the Board of Directors are functioning effectively. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board or any of its committees could improve.

7. Director Compensation.

The form and amount of Director compensation shall be determined by the Compensation Committee and then recommended to the full Board for action.

Any person may contact the Directors by writing to the following address: National Scientific Corporation, c/o Corporate Secretary, 8361 E. Evans Road, Suite 106, Scottsdale, Arizona, 85260.