

**CHARTER OF THE NOMINATING
AND CORPORATE GOVERNANCE COMMITTEE
OF THE BOARD OF DIRECTORS
OF NUTRISYSTEM, INC.**

(as adopted May 2, 2005)

I. Purpose

The Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (“Board”) of NutriSystem, Inc. (the “Company”) is appointed by, and generally acts on behalf, of the Board. The Committee’s purposes shall be:

- A. To recommend to the Board the structure and operations of the Board;
- B. To identify individuals qualified to serve as members of the Board, and to identify and recommend that the Board select the director nominees for the next annual meeting of stockholders and to fill vacancies;
- C. To recommend to the Board the responsibilities of each Board committee, the structure and operation of each Board committee, and the director nominees for assignment to each Board committee;
- D. To oversee the Board’s annual evaluation of its performance and the performance of other Board committees; and
- E. To develop and recommend to the Board for adoption a set of Corporate Governance Guidelines applicable to the Company and to periodically review the same.

II. Membership

- A. The Committee shall be composed of at least two directors, each of whom must be independent. A director shall qualify as independent if the Board has affirmatively determined that the member is independent consistent with the independence criteria set forth in the Company’s Corporate Governance Guidelines.
- B. The members of the Committee shall be designated and approved by a majority of the whole Board and shall serve for one-year terms. The Committee shall recommend, and the Board shall designate, one member of the Committee to serve as Chairperson. The members of the Committee shall serve until their resignation, retirement, or removal by the Board or until their successors shall be appointed. No member of the Committee shall be removed except by majority vote of the independent directors of the full Board then in office.

III. Meetings and Procedures

- A. The Committee shall meet as often as it may deem necessary and appropriate in its judgment, but in no event less than three times per year. A majority of the members of the Committee shall constitute a quorum.
- B. The Chairperson of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.
- C. The Committee may delegate authority to one or more members of the Committee when appropriate, but no such delegation shall be permitted if the authority is required by law, regulation, or listing standard to be exercised by the Committee as a whole.
- D. The Committee may request that any directors, officers, or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting to provide such information as the Committee requests.
- E. The Committee shall fix its own rules of procedure, which shall be consistent with the By-laws of the Company and this Charter.
- F. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.
- G. The Committee shall report to the Board on the matters discussed at each meeting of the Committee, including describing all actions taken by the Committee at the meeting.

IV. Duties and Responsibilities

The Committee shall have the following duties and responsibilities:

- A. Board Size and Composition
 - 1. Consider and recommend to the Board the appropriate size, function, and needs of the Board, taking into account that the Board as a whole shall have competency in the following areas: (i) industry knowledge; (ii) accounting and finance; (iii) business judgment; (iv) management; (v) leadership; (vi) international markets; (vii) business strategy; (viii) crisis management; (ix) corporate governance; and (x) risk management. The Board also seeks members from diverse backgrounds so that the Board consists of members with a broad spectrum of experience and expertise and with a reputation for integrity. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies

or institutions with which they are affiliated, and be selected based upon contributions that they can make to the Company.

2. Determine what types of backgrounds, skills, and attributes of Board members are needed to help strengthen and balance the Board, taking into account the competencies described above, and actively seek individuals qualified to become Board members and maintain an active file of suitable candidates for consideration as nominees to the Board.
3. Have the sole authority, and necessary funding, to retain, set compensation and retention terms for, and terminate any search firm to be used to identify director candidates.
4. Evaluate and recommend to the Board the slate of nominees for directors to be elected by the stockholders at the Company's next annual meeting of stockholders and, where applicable, to fill vacancies. The Committee shall give the same consideration to candidates for director nominees recommended by Company stockholders as those candidates recommended by others. The Committee shall implement the Board's procedures for consideration of stockholder recommendations.
5. Oversee the establishment of the Board's policies and procedures for stockholder communications with the Board.

B. Board Committees

1. Recommend to the Board the responsibilities of the Board committees, including each committee's structure, operations, and authority to delegate to subcommittees.
2. Evaluate and recommend to the Board those directors to be appointed to the various Board committees, including the persons recommended to serve as chairperson of each committee. Recommendations should consider: (i) the qualifications for membership on each committee; (ii) committee member appointment and removal; (iii) the extent to which there should be a policy of periodic rotation of directors among the committees; (iv) any limitations on the number of consecutive years a director should serve on any one committee; and (v) the number of boards and other committees on which directors may serve.

C. Evaluation of the Board and Board Committees

1. Oversee the annual evaluation of the Board and the other Board committees, including the individual members of the Board and the other Board Committees, taking into account the factors set forth in Exhibit A hereto, and deliver reports to the Board setting forth the results of such

evaluations. The Committee also shall monitor director performance throughout the year (noting particularly any directors who have had a change in their primary job responsibilities or who have assumed additional directorships since their last assessment) and counsel those directors whose performance may be found wanting.

2. Annually review and assess the performance of the Committee and each Committee member and deliver a report to the Board setting forth the results of its evaluation. In conducting this review, the Committee shall address matters that it considers relevant to its performance, including, at a minimum, the adequacy, appropriateness, and quality of the information and recommendations that it has presented to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

D. General Corporate Governance Matters

1. Periodically review and assess the adequacy of the Company's Corporate Governance Guidelines and recommend any changes to the Board for its approval and adoption.
2. Recommend general matters for consideration by the Board, including but not limited to: (i) the structure of Board meetings, including recommendations for the improvement of such meetings, and the timeliness and adequacy of the information provided to the Board prior to such meetings; (ii) director retirement policies; (iii) director and officer insurance policy requirements; (iv) policies regarding the number of boards on which a director may serve; (v) director orientation and training; and (vi) the functions of the Company's senior executives and the outside directorships of such executives.
3. Review annually the compensation of non-employee directors and the principles upon which such compensation is determined. In this regard, Company management should report annually to the Committee as to how the Company's non-employee director compensation practices compare with those of other similarly situated public corporations.
4. Review and make recommendations on the annual Board "Master Agenda" recommended by the Chairperson of the Board and the CEO.
5. Consult with the CEO, as appropriate, and other Board members to ensure that its decisions are consistent with the sound relationship between and among the Board, Board committees, individual directors, and management.

6. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for its approval.
7. Perform any other activities consistent with this Charter, the Company's Certificate of Incorporation, the Company's By laws, and governing law, as the Committee or the Board deems necessary or appropriate.

EXHIBIT A

Criteria for the Evaluation of Individual Director Performance

1. Representation of Stockholders. Clearly recognizes the role of directors to represent the interests of stockholders. Understands the difference between the function of the Board and that of Company management.
2. Judgment and Knowledge. Demonstrates judgment and ability to assess Company strategy, business plans, management evaluation, and other key issues. Demonstrates competency in one or more of the following areas: [(i) industry knowledge; (ii) accounting and finance; (iii) business judgment; (iv) management; (v) leadership; (vi) international markets; (vii) business strategy; (viii) crisis management; (ix) corporate governance; and (x) risk management].
3. Meaningful Participation. Comfortable being an active, inquiring participant. Participates in Board processes in a meaningful way. Manifests confidence and willingness to express ideas and engage in constructive discussion. Actively participates in decision-making and is willing to make tough decisions. Demonstrates diligence and faithfulness in attending Board and committee meetings.
4. Communications. Communicates freely with other Board members and with Company management. Serves as a good sounding board for other directors and the CEO. Willing to challenge fellow directors and the CEO. Asks insightful questions and raises thought-provoking perspectives. Willing to hold management accountable for performance and results. Mindful not to get overly involved in operational details and the management process. Finds the proper balance between dominating the deliberations and making no contribution at all. Evidences characteristics of team player who works well with other directors while not necessarily agreeing with their views. Listens with an open mind.
5. Suitability. Understands the Company's short- and long-term goals and objectives. Understands the Company's business and its competitors. Cooperates with the Company's management and employees, when applicable, regarding requests for information in completing public filings or responding to regulatory inquiries. Demonstrates no material conflict of interest in serving on the Board. Satisfies applicable requirements for "independence" as set forth in the Company's Corporate Governance Guidelines.
6. Expertise. Fulfills specific Board needs. Makes individual expertise available to the Board. Draws on relevant experience in addressing issues facing the Company. Willing to respond to appropriate request of CEO outside of Board meetings for advice and support.

7. Vision and Leadership. Understands Company philosophy and strategy. Oriented toward the future, and sensitive to future direction of industry. Fulfills legal and fiduciary responsibilities. Supports the Company's mission and values and is open, honest, and direct. Makes appropriate time commitment for Board service. Evidences ability to think through who the management of the Company should consist of and what they should do.

8. Professional Status. Maintains standing and reputation in the business, professional, and social communities in which the directors operate. Appropriately represents the Company in all such communities.