

CHARTER OF THE NOMINATING COMMITTEE
of the
BOARD OF DIRECTORS
of
SUN HEALTHCARE GROUP, INC.

(Amended and Restated on February 25, 2004)

1. Purpose

The Nominating Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of Sun Healthcare Group, Inc. (the “**Company**”) to (a) assist the Board in identifying individuals qualified to become Board members and Board committee members, and to select the director nominees for each annual meeting of shareholders; and (b) take such other actions within the scope of this Charter as the Committee deems necessary or appropriate.

2. Membership

The Committee will be comprised of three or more directors. All members of the Committee will be, in the business judgment of the Board, independent directors under the independence requirements of the NASDAQ and applicable law. The members of the Committee will be appointed by and serve at the discretion of the Board.

3. Specific Responsibilities and Duties

The Board delegates to the Committee the express authority to:

- a. Evaluate the size and composition of the Board, develop criteria for Board membership, and evaluate the independence of existing and prospective directors.
- b. Consistent with policies, processes, and criteria approved by the Committee, seek, evaluate and select, or recommend that the Board select, qualified individuals to become directors.
- c. Approve procedures to be followed by security holders in submitting recommendations of director candidates; establish a policy with regard to the consideration of such director candidates in accordance with the notice provisions and procedures set forth in the Company’s Bylaws.
- d. Assist the Company in making the periodic disclosures related to the Committee and required by rules issued or enforced by the Securities and Exchange Commission.
- e. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- f. Make recommendations and report to the Board and other Board committee with respect to nominating and corporate governance policies of the Company or any of the foregoing matters.

- g. Develop with management and monitor the process of orienting new directors and continuing education for existing directors.
- h. Take such other actions as may be requested or required by the Board from time to time.

4. Search Firm

The Board delegates to the Committee the express authority to decide whether to retain a search firm to assist the Committee in identifying, screening and attracting director candidates. If the Committee decides in its discretion to retain such a firm, the Board delegates to the Committee the sole authority to retain and terminate any such firm and to approve the search firm's fees and other retention terms.

5. Meetings

The Committee will meet with such frequency, and at such times, as its Chairperson, or a majority of the Committee, determines. A special meeting of the Committee may be called by the Chairperson and will be called promptly upon the request of any two Committee members. Unless the Committee or the Board adopts other procedures, the provisions of the Company's Bylaws applicable to meetings of Board committees will govern meetings of the Committee.

6. Minutes

The Committee will keep minutes of each meeting.

7. Subcommittees

The Committee has the power to appoint and delegate matters to subcommittees, but no subcommittee will have any final decision making authority on behalf of the Board or the Committee.

8. Investigations.

The Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties.

9. Access; Reliance Permitted.

The Committee shall have unrestricted access to the independent public accountants, the internal auditors, outside counsel, and anyone else in the Company, and may require any officer or employee of the Company or the Company's outside counsel or independent public accountants to attend a meeting of the Committee or to meet with any members of, or consultants or advisors to, the Committee. In carrying out its duties, the Committee will act in reliance on management, the independent public accountants, internal auditors, and outside advisors and experts, as it deems necessary or appropriate.