

**CHARTER FOR THE NOMINATING AND  
GOVERNANCE COMMITTEE OF THE  
BOARD OF DIRECTORS OF KINDRED HEALTHCARE, INC.**

**Mission Statement**

The Nominating and Governance Committee (the “Committee”) is appointed by the Board of Directors (the “Board”): (1) to assist the Board by identifying individuals qualified to become Board members, consistent with criteria reviewed with the Board, and to approve the Director nominees for the next annual meeting of shareholders and nominees to fill vacancies on the Board; (2) to recommend to the Board nominees and chairs for each committee; (3) to lead the Board in its annual review of the performance of the Board and senior management; and (4) to recommend to the Board the Corporate Governance Guidelines applicable to the Company.

**Organization**

The Committee shall consist of no fewer than two members. Each member of the Committee shall meet the independence and any other requirements under applicable laws and regulations and the rules of the New York Stock Exchange or such other exchange upon which the Company’s securities are principally traded. The members of the Committee shall be appointed and removed by the Board. The Board also shall designate a Committee Chair. The Committee shall report to the Board on its findings and matters within the scope of its responsibility.

The Committee shall meet at least three times annually. A quorum at any Committee meeting shall be at least a majority of the members. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held. Notwithstanding the foregoing, any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held. The Chair of the Committee shall be responsible for establishing the agenda for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to the members of the Committee prior to the meeting. The Committee shall maintain minutes of all of its meetings to document its activities and recommendations. The Committee shall review and reassess this Charter at least annually or more frequently as conditions dictate and recommend any proposed changes to the Board for approval. A copy of the current version of this Charter shall be posted on the Company’s website. The Committee shall annually review its own performance.

**Committee Authority and Responsibilities**

- The Committee shall annually review with the Board the requisite skills of any candidate for the Board as well as the composition of the Board as a whole.
- The Committee shall consider (in consultation with the Chair of the Board) and recruit candidates to fill positions on the Board (including as a result of the removal, resignation, death or retirement of any Director, or a change in the size of the Board) and shall consider candidates recommended by the shareholders of the Company who appear to be qualified to

serve on the Board. The Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board. The Committee may recommend increasing the size of the Board if it perceives specialized needs for the Board and if qualified director candidates are identified. In order to avoid the unnecessary use of the Committee's resources, the Committee may from time to time establish required procedures for the submission of a recommendation of a director candidate by a shareholder.

- The Committee shall determine whether or not to accept the resignation of any Director who fails to receive the required vote for election in any uncontested election as provided in the Company's By-Laws and Corporate Governance Guidelines, based on such factors as it deems appropriate and relevant, and shall submit its recommendation for consideration by the Board.
- The Committee shall be responsible for conducting, subject to applicable law, any and all inquiries into the background and qualifications of any candidate for the Board and such candidate's compliance with independence and other qualification requirements established by the Committee. In connection with its annual approval of a slate of nominees, the Committee shall assess the contributions of those Directors selected for re-election, as well as those Directors' compliance with independence and other qualification requirements established by the Committee. The Committee may establish criteria for Board candidates in the context of the Board evaluation process and other perceived needs of the Board. Generally, the Committee will seek directors who possess integrity, a high level of education and business experience, broad-based business acumen, an understanding of the Company's business and the healthcare industry generally, strategic thinking and a willingness to share ideas, a network of contacts and diversity, including diversity of experiences, expertise and background. The Committee shall use the foregoing and other appropriate criteria to evaluate potential director nominees and shall not evaluate proposed nominees differently depending upon who has made the proposal. Final approval of any candidate shall be determined by the Committee.
- The Committee shall have the sole authority to retain and terminate any search firm or other outside consultant to be used to identify director candidates and shall have sole authority to approve the applicable fees and other retention terms.
- The Committee shall review the orientation process for new directors at least once every three years.
- The Committee shall recommend to the Board nominees for each of the Board committees, the chair for each committee, and the chair for the Board.
- The Committee shall solicit comments from all Directors and report annually to the Board with an assessment of the performance of the Board and senior management, the performance of the committees of the Board, and each individual Board member's performance, to be discussed with the full Board.

- The Committee shall review and reassess at least annually the adequacy of the Company's Corporate Governance Guidelines and recommend any proposed changes to the Board for approval.
- The Committee shall review and make recommendations to the Board or task the appropriate committee to make recommendations to the Board regarding a recommended response to any shareholder proposals submitted to the Company.
- The Committee shall make an annual report to the Board on succession planning. The entire Board will work with the Committee to nominate and evaluate potential successors to the chief executive officer. The chief executive officer should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.
- The Committee shall review and approve, on an on-going basis, the Company's transactions with directors and executive officers of the Company and with firms that employ directors, as well as any other related person transactions required to be disclosed under applicable SEC rules. The Committee generally evaluates each related person transaction involving a director or executive officer for the purpose of determining whether to recommend to the disinterested members of the Board that the transactions are fair, reasonable and within Company policy, and whether they should be ratified and approved by the Board. The Committee generally considers each related person transaction in light of all relevant factors and the controls implemented to protect the interests of the Company and its shareholders, including the benefits of the transaction to the Company, the terms of the transaction and whether the terms have been negotiated at arm's-length and in the ordinary course of the Company's business, the direct or indirect nature of the related person's interest in the transaction, the amount involved and the expected term of the transaction, and other facts and circumstances that bear on the materiality of the related person transaction under applicable law and listing standards.
- In discharging its responsibilities, the Committee shall have full access to any relevant records of the Company. The Committee also may request that any officer or other employee of the Company, the Company's outside counsel or any other person meet with any members of, or consultants to, the Committee.
- The Committee may form and delegate authority to subcommittees when appropriate. The Committee also shall carry out such other duties that may be delegated to it by the Board from time to time or as may be required by law.
- The Committee shall take any other actions necessary or advisable from time to time to comply with applicable laws and regulations and all applicable listing standards.