

SUNSHINE HEART, INC.
CHARTER OF THE NOMINATING AND
CORPORATE GOVERNANCE COMMITTEE

DECEMBER 2013

ORGANIZATION

The Nominating and Corporate Governance Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of SUNSHINE HEART, INC., a Delaware corporation (the “*Company*”), shall consist of at least three members of the Board. No Committee member shall be an employee of the Company and each member shall be free from any relationship that would interfere with the exercise of his or her independent judgment, as determined by the Board, in accordance with the applicable independence requirements of The Nasdaq Stock Market (“*Nasdaq*”). The members of the Committee shall be appointed by and serve at the discretion of the Board. Vacancies occurring on the Committee shall be filled by the Board. The Committee’s Chairman shall be designated by the Board.

STATEMENT OF POLICY

The purpose of the Committee shall be to: (i) oversee all aspects of the Company’s corporate governance functions on behalf of the Board; (ii) make recommendations to the Board regarding corporate governance issues; (iii) identify, review and evaluate candidates to serve as directors of the Company and review and evaluate incumbent directors; (iv) serve as a focal point for communication between such candidates, non-committee directors and the Company’s management; (v) recommend to the Board nominees for election to the Board; and (vi) make other recommendations to the Board regarding affairs relating to the directors of the Company.

COMMITTEE AUTHORITY

The Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm’s fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

RESPONSIBILITIES

The operation of the Committee will be subject to the provisions of the Bylaws of the Company and the Delaware General Corporation Law, each as in effect from time to time. The Committee will have the full power and authority to carry out the following primary responsibilities or to delegate such power and authority to one or more subcommittees of the Committee:

- ***Director Nominations.*** The Committee has the responsibility of identifying, reviewing and evaluating candidates and reviewing and evaluating incumbent directors to serve on the Company’s Board, including consideration of any potential

conflicts of interest as well as applicable independence and experience requirements. The Committee has the primary responsibility for recommending to the Board nominees for election to the Board, as well as monitoring the size of the Board. The Committee shall also have the power and authority to consider recommendations for Board nominees and proposals submitted by the Company's stockholders (so long as such nominations and proposals are made in accordance with the Company's Certificate of Incorporation and Bylaws, each as in effect from time to time, and applicable law) and to establish any policies, requirements, criteria and procedures, including policies and procedures to facilitate stockholder communications with the Board, to recommend to the Board appropriate action on any such proposal or recommendation and to make any disclosures required by applicable law in the course of exercising its authority.

- ***Management and Board Assessment.*** The Committee shall annually review, discuss and assess the performance of management and the Board, including Board committees. The assessment shall include evaluation of the Board's contribution as a whole and effectiveness in serving the best interests of the Company and its stockholders, and overall Board composition and makeup, including the reelection of current Board members. The Committee shall also consider and assess the independence of directors, including whether a majority of the Board continue to be independent from management in both fact and appearance, as well as within the meaning prescribed by Nasdaq. The results of these reviews shall be provided to the Board for further discussion as appropriate.
- ***Board Committee Nominations.*** The Committee, after due consideration of the interests, independence and experience of the individual directors and the independence and experience requirements of Nasdaq and the rules and regulations of the Securities and Exchange Commission and applicable law, shall recommend to the entire Board annually the chairmanship and membership of each committee. The Committee shall also conduct an annual self-evaluation.
- ***Corporate Governance Principles.*** The Committee shall develop a set of corporate governance principles to be applicable to the Company, shall periodically review and assess these principles and their application and shall recommend any changes deemed appropriate to the Board for its consideration. Further, the Committee shall periodically review Company policy statements to determine their adherence to the Company's Code of Business Conduct and Ethics and address matters that arise under the Code of Business Conduct and Ethics.
- ***Governing Documents.*** The Committee shall periodically review and recommend to the Board revisions to the Company's Certificate of Incorporation and Bylaws.
- ***Management Succession.*** The Committee shall periodically review with the Chief Executive Officer the plans for succession to the offices of the Company's executive officers and make recommendations to the Board with respect to the selection of appropriate individuals to succeed to these positions.

MEETINGS AND MINUTES

The Committee will hold such regular or special meetings as its members deem necessary or appropriate. Minutes of each meeting will be prepared and distributed to each director of the Company and the Secretary of the Company promptly after each meeting. The Chairman of the Committee will report to the Board from time to time, or whenever so requested by the Board. The Committee will be governed by the same rules regarding meetings of the Board (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements that are applicable to the Board.

12926163.2