

**LINCARE HOLDINGS INC.**

**CHARTER OF THE  
COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS**

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**ARTICLE 1. MISSION STATEMENT**

The Compensation Committee (the “Committee”) will assist the Board of Directors (the “Board”) in discharging its responsibilities relating to all aspects of director compensation and executive compensation (including base salaries, annual performance awards, long-term incentives and perquisites) for the Chief Executive Officer (“CEO”) and other Senior Executives of the Company (including “Named Executives”). The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement.

**ARTICLE 2. ORGANIZATION**

The Committee is a standing committee and shall be composed of not less than three directors, each of whom satisfies any applicable rules and regulations, and all of whom are non-employee directors within the meaning of the applicable NASDAQ Marketplace Rules and Rule 16b-3 of the Securities Exchange Act of 1934 (the “Act”). A director who does not meet these requirements may be appointed to the Committee if the Board, under exceptional and limited circumstances as permitted under the Act and applicable NASDAQ rules, determines that membership on the Committee by the individual is required for the best interests of the Company and its stockholders. Members of the Committee may not accept directly or indirectly any consulting, advisory or other compensatory fees from the Company other than for board and committee service and must not be an affiliated person of the Company.

The members of the Committee shall be elected by the Board and shall serve until their successors are duly appointed and qualified, or until the earlier of their death, resignation or removal. Unless a Chairperson is appointed by the full Board, the members of the Committee may designate a Chairperson by majority vote of the full Committee.

**ARTICLE 3. MEETINGS**

Meetings of the Compensation Committee may be called by or at the request of the Board, the Chairperson of the Compensation Committee, any two members of the Compensation Committee or the Chief Executive Officer. If possible, notice of a meeting of the Compensation Committee stating the place, day and hour of the meeting shall be given to each member of the Compensation Committee at least one day prior thereto by mail, personal delivery or by telephone, telegraph, electronically transmitted facsimile or

other form of wire or wireless communication. The method of notice need not be the same for each member of the Compensation Committee

#### **ARTICLE 4. COMPENSATION COMMITTEE RESPONSIBILITIES**

The following functions and processes shall be the common recurring activities of the Committee in carrying out its responsibilities. These functions and processes are set forth as a guide with the understanding that the Committee may diverge from this guide as necessary and appropriate in carrying out its duties.

- Review corporate goals and objectives relevant to director, CEO and executive compensation and make recommendations to the Board for adoption.
- Evaluate the performance of the directors, CEO and executives based on corporate goals and objectives and other such factors as the Committee deems appropriate, such as, (i) the short-term and long-term performance of the Corporation, (ii) the performance of the executive officers in light of relevant goals and objectives recommended by the Committee and approved by the Board, (iii) executive compensation levels at comparable companies and (iv) the recommendations of the CEO.
- Recommend to the Board compensation, including salary, annual and long-term incentive compensation, annual incentive goals, option awards, stock awards, non-equity incentive plan compensation, benefits, perquisites and other compensation for the directors, CEO and executives based on the evaluation.
- Make recommendations to the Board regarding director, CEO and executive contracts or arrangements.
- Evaluate periodically the internal equity and external competitiveness of the compensation offered to the directors, CEO and executives and recommend action to the Board as appropriate.
- Make recommendations to the Board with respect to equity-based and non-equity based plans of the Corporation, and administer such plans, with authority to make and modify grants under, and to approve or disapprove participation in, such plans.
- Prepare, review and approve the Compensation Committee Report.
- Prepare, review and discuss with management the Compensation Discussion and Analysis (“CD&A”) as required by the SEC’s executive compensation rules and recommend the CD&A for inclusion in the Company’s Annual Report on Form 10-K and proxy statement.
- Maintain direct responsibility for the appointment, compensation, retention and oversight of any compensation consultant (“consultant”) engaged for the purposes of assisting the Committee in carrying out its functions and responsibilities.

Management has the authority to pre-negotiate engagement fees and to provide its recommendation for approval by the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any consultants employed by the Committee and ordinary administrative expenses that are necessary and appropriate in carrying out the duties of the Committee.

- Make regular reports to the Board.
- Form and delegate authority to one or more subcommittees when appropriate.
- Prepare, review and approve sections of the Company's annual proxy statement relating to Committee functions and prepare the committee report to the stockholders required by the Securities and Exchange Commission to be included therein.
- Maintain minutes or other records of meetings and activities of the Committee.
- Report Committee actions to the Board with such recommendations as the Committee may deem appropriate.
- Review and reassess the adequacy of the Committee's formal written charter on an annual basis and recommend any proposed changes to the Board for approval.

The responsibilities of a member of the Committee are in addition to those for a member of the Board. The Committee shall have such other duties as may be delegated from time to time by the Board.

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As updated by the Committee on December 14, 2006 and approved by the Board of Directors.