

**POLYMEDICA CORPORATION**

**COMPENSATION COMMITTEE CHARTER**

Adopted January 17, 2003  
Amended and Restated March 12, 2004  
Amended and Restated May 16, 2005

This Compensation Committee Charter was adopted by the Board of Directors (the “Board”) of PolyMedica Corporation (the “Company”) on May 16, 2005.

*This Charter is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company’s Certificate of Incorporation and By Laws, it is not intended to establish by its own force any legally binding obligations.*

**I. PURPOSES**

The Compensation Committee (the “Committee”) shall assist the Board in overseeing the Company’s management compensation policies and practices, including (i) reviewing and recommending to the Board the compensation of the Company’s Chief Executive Officer (“CEO”); (ii) after receiving recommendations from the CEO, reviewing, adjusting as appropriate and approving the compensation levels for the Company’s other executive officers; (iii) reviewing and recommending to the Board the compensation of the members of the Board; (iv) reviewing and recommending to the Board management incentive compensation policies and programs; (v) reviewing and recommending to the Board equity compensation plans (“Plans”) for employees, including an annual schedule of equity grants to employees, and reviewing the administration and compliance by the Company with the rules and guidelines of the Plans; and (vi) producing an annual report on executive compensation for inclusion in the proxy statement.

In discharging its role, the Committee is empowered to inquire into any matter that it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company. The Committee has the power to retain outside counsel, compensation consultants or other advisors to assist it in carrying out its activities. The Company shall provide adequate resources to support the Committee’s activities. The Committee shall have the final authority, to retain, compensate, direct, oversee and terminate counsel, compensation consultants, and other advisors hired to assist the Committee, who shall be accountable ultimately to the Committee.

**II. COMMITTEE MEMBERSHIP**

The Committee shall consist of three or more members of the Board, each of whom the Board has selected and determined to be “independent” in accordance with applicable rules of the Nasdaq National Market.

Members shall continue to be members until their successors are elected and qualified or until their earlier resignation or removal. Any member may be removed by the Board, with or without cause, at any time. The Chairman of the Committee shall be appointed from among the Committee members by, and serve at the pleasure of, the Board. The Chairman shall convene and chair meetings of the Committee, set agendas for meetings, and determine the Committee's information needs. In the absence of the Chairman at a duly convened meeting, the Committee shall select a temporary substitute from among its members.

### **III. COMMITTEE MEETINGS**

The Committee shall meet on a regularly scheduled basis at least four times per year, or more frequently as circumstances dictate.

The Committee shall establish its own schedule and rules of procedure. Meetings of the Committee may be held telephonically. A majority of the members of the Committee shall constitute a quorum sufficient for the taking of any action by the Committee.

The Committee shall meet at least annually with the CEO and any other corporate officers the Committee deems appropriate to discuss and review the performance criteria and compensation levels of key executives.

### **IV. KEY RESPONSIBILITIES**

The following responsibilities are set forth as a guide for fulfilling the Committee's purpose, with the understanding that the Committee's activities may diverge as appropriate given the circumstances. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee's purposes or assigned by the Board from time to time.

The Committee may form, and delegate any of its responsibilities to, a subcommittee so long as such subcommittee is solely comprised of one or more members of the Committee.

To fulfill its purposes, the Committee shall:

1. review and recommend to the Board for approval the Company's overall management and director compensation philosophy and policy;
2. review and recommend to the Board for approval on a periodic basis the Company's management incentive compensation policies and programs, including but not limited to programs regarding deferred compensation, long-term incentive compensation, perquisites and bonus compensation, to determine whether they are appropriate, properly coordinated and achieve their intended purpose(s), and recommend to the Board any appropriate modifications or new programs;
3. review and recommend to the Board the corporate goals and objectives relevant to CEO compensation developed by the Committee in consultation with the CEO, including annual performance objectives and metrics;

4. evaluate at least annually the performance of the CEO against corporate goals and objectives developed by the Committee in consultation with the CEO, including the annual performance objectives for the CEO and, based on this evaluation, review and recommend to the Board the compensation level (including any discretionary incentive awards) for the CEO, reviewing as appropriate, any agreement or understanding relating to the CEO's employment, incentive compensation, or other benefits based on this evaluation;
5. after receiving recommendations from the CEO, review, adjust as appropriate and approve at least annually the compensation of such executive officers or other members of management as the Board and Committee determine appropriate, in a manner consistent with the Company's compensation philosophy;
6. review and approve the form and content of the Company's employment and retention agreements.
7. review and recommend to the Board for approval all Plans and any modifications of such Plans (whether or not final approval rests with the Company's shareholders) and review all grants or awards, including the award of shares or share options, pursuant to such Plans;
8. review and recommend to the Board for approval the compensation of Board members;
9. review the administration and compliance by the Company with the rules and guidelines of the Company's Plans;
10. periodically review the administration and architecture of the Company's employee benefit plans and programs;
11. prepare a report to be included in the Company's annual proxy statement, in accordance with applicable rules and regulation of the Nasdaq National Market, SEC and other applicable regulatory bodies;
12. conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
13. review and reassess the adequacy of this Charter annually, and recommend to the Board amendments as the Committee deems appropriate; and
14. report regularly to the Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board requests, including reports that include a complete breakdown of expenses incurred by the Committee in the performance of its duties, and maintain minutes or other records of Committee meetings and activities.