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Audit Committee

(as of March 12, 2010)

I. PURPOSE AND AUTHORITY

The Board of Directors (the "Board") of LHC Group, Inc. (the "Company") hereby forms the Audit Committee (the "Committee"). The primary function of the Committee is to assist the Board in fulfilling its financial and other oversight responsibilities by serving as an independent and objective party to oversee, monitor and appraise:

1. The integrity of the Company's financial statements and other financial information, financial reporting process, internal controls and procedures for financial reporting, and disclosure controls and procedures.
2. The Company's auditing process, including all engagements and oversight of the Company's independent registered public accounting firm and the internal audit function.
3. The Company's ethical and legal compliance related to accounting and auditing matters.
4. The Company's internal control structure.

In furtherance of its purpose, the Committee shall strive to provide an open avenue of communication among the Company's independent registered public accounting firm, management and the Board. The Committee will further carry out its purpose by engaging in the activities enumerated in Section IV of this charter.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and has the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties. The Company shall provide funding, as determined by the Committee, for payment of compensation to the Company's independent registered public accounting firm and to any advisers the Committee retains.

II. MEMBERSHIP REQUIREMENTS

The Committee shall be comprised of three or more directors as determined by the Board. All members of the Committee shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee and shall serve at the pleasure of the Board, and the duties and responsibilities of members of the Committee shall be in addition to each member's duties as members of the Board.

Members of the Committee shall meet the following qualifications, or such other qualifications as the Board, law, including without limitation, the Securities Exchange Act of 1934 (the "Exchange Act"), or the listing requirements of the NASDAQ Stock Market may impose from time to time.

1. **Independence.** Except under the limited circumstances permitted by the listing requirements of the NASDAQ Stock Market and the rules and regulations of the Securities and Exchange Commission ("SEC"), the members of the Committee shall be independent directors. To be considered independent, each Committee member must meet the independence requirements for audit committee membership of the NASDAQ Stock Market and the rules and regulations of the SEC.
2. **Financial Literacy.** All members of the Committee shall be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. At least one member shall be an "audit committee financial expert" within the meaning of the rules of the SEC. At least one member shall have past employment experience in finance or accounting, requisite professional certification in accounting or any other

comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer, or other senior officer with financial oversight responsibilities.



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III. MEETINGS AND GOVERNANCE

1. **Meetings.** The Committee shall meet at least once per quarter and at such other times as may be necessary to fulfill its responsibilities. It will meet following the end of each fiscal quarter of the Company prior to the release of quarterly or annual earnings to review the financial results of the Company for the preceding fiscal quarter or the preceding fiscal year, as the case may be. The Chair of the Committee or the Chairman of the Board may call meetings. A majority of the members of the Committee will constitute a quorum, and a majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or video conference and may take action by written consent. The Committee will meet in executive sessions with the Company's independent registered public accounting firm, the Director of the Internal Audit Department and management, as appropriate.
2. **Chair.** The Board may designate a Chair of the Committee. The Chair will preside, when present, at all meetings of the Committee.

IV. DUTIES, RESPONSIBILITIES AND ACTIVITIES

While the Committee has the duties and responsibilities set forth in this charter, management has primary responsibility for the Company's financial statements and the reporting process, including the systems of internal controls over financial reporting, and the Company's independent registered public accounting firm are responsible for performing an annual audit of the Company's financial statements in accordance with standards of the U. S. Public Company Accounting Oversight Board (the "PCAOB") and for expressing an opinion as to their conformity with U.S. generally accepted accounting principles and for expressing an opinion as to the adequacy of the Company's internal control over financial reporting.

The Committee's functions and procedures should remain flexible to address changing circumstances most effectively. To implement the Committee's purpose, the Committee shall be charged with the following functions and processes, with the understanding, however, that the Committee may supplement or (except as otherwise required by applicable laws, rules or regulations) deviate from these activities as appropriate under the circumstances:

1. **Review of Financial Statements, Reports and Charter.** The Committee shall review the Company's financial statements, reports and other financial information, in conjunction with the Company's financial management and independent registered public accounting firm, as appropriate. Such review shall include candid discussions of the quality and not merely the acceptability of the Company's accounting principles as applied in its financial reporting. Reviews shall occur prior to dissemination of the statement, report or other document to a third party or the public. Without limitation, the Committee shall review, to the extent it deems necessary or appropriate:
 - a. The annual financial statements and other material financial content of the Company's Annual Report to Stockholders and Annual Reports on Form 10-K, including any certification, report, opinion, attestation or review rendered by the independent registered public accounting firm;
 - b. Any quarterly or other interim financial statements and other material financial content of the Company's Quarterly Reports on Form 10-Q, including any certification, report, opinion, or review rendered by the independent registered public accounting firm;
 - c. Any other material financial information, such as earnings releases or financial information and earnings guidance provided to analysts, lenders or rating agencies, including, without limitation, the use of "pro forma" or "adjusted" non-GAAP information. In lieu of reviewing each such disclosure prior to release or dissemination, the Committee may discuss generally with management the types of information to be disclosed and the types of presentations to be made;
 - d. Any material internal reports related to the Company's financial management prepared by the Company's independent registered public accounting firm, internal auditors or management;
 - e. The annual report of the Committee for inclusion in the Company's annual proxy statement; and
 - f. This charter, on an annual basis or more frequently as circumstances dictate.



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The Chair or another member of the Committee may represent the entire Committee for purposes of reviewing quarterly information and other material financial information, such as earnings releases, to the extent permissible under the listing requirements of the NASDAQ Stock Market and generally accepted auditing standards.

2. **Relationship with Independent Registered Public Accounting Firm and Internal Auditors.** The Committee's and the Board's relationship with the Company's independent registered public accounting firm shall be governed by the following principles:
 - a. The Committee shall be directly and solely responsible for the appointment, compensation, retention and termination of the independent registered public accounting firm and the independent registered public accounting firm shall report directly to the Committee. The Committee shall have sole authority to determine the compensation to be paid to the independent registered public accounting firm for any service. The Committee also shall be responsible for the oversight and evaluation of the work of the independent registered public accounting firm, including resolution of disagreements between management and the independent registered public accounting firm;
 - b. The Committee shall pre-approve all audit, internal control-related and permitted non-audit services provided to the Company by the independent registered public accounting firm as well as the related fees including approval of all engagement letters for all services provided by the independent registered accounting firm. The Committee may adopt pre-approval policies and procedures, to the extent permitted by applicable laws. Any pre-approvals made pursuant to pre-approval policies and procedures must be presented to the full Committee at its next meeting;
 - c. The Committee shall receive a report or report update from the independent registered public accounting firm, within the time periods prescribed by the rules of the SEC, on: (i) all critical accounting policies and practices of the Company; (ii) all alternative disclosures and treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent registered public accounting firm; (iii) other material written communications between the independent registered public accounting firm and management, including differences of opinion, if any, between the independent registered public accounting firm and management; and (iv) any other matters required to be communicated to the Committee by the independent registered public accounting firm under the standards of the PCAOB;
 - d. The Committee shall receive a formal written statement from the independent registered public accounting firm delineating all relationships between the independent registered public accounting firm and the Company, consistent with Public Company Accounting Oversight Board and other professional requirements. The Committee shall engage the independent registered public accounting firm in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent registered public accounting firm and take appropriate action to oversee the independence of the independent registered public accounting firm;
 - e. The Committee shall consider and, if deemed appropriate, adopt a policy regarding pre-approval by the Committee of employment by the Company of individuals employed or formerly employed by Company's independent registered public accounting firm;
 - f. The Committee shall discuss with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 114 related to the conduct of audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management;
 - g. The Committee shall ensure the regular rotation of the audit partners as required by law, review and evaluate the lead partner of the independent auditor team and discuss whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent registered public accounting firm on a regular basis;
 - h. The Committee shall meet periodically in separate sessions with representatives of the Company's independent registered public accounting firm, Internal Audit Department and with management to discuss any matters that the Committee, the independent registered public accounting firm, the internal auditors or management believes should be discussed privately with the Committee;
 - i. The Committee shall oversee the objectives, activities and staffing of the Company's Internal



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- Audit Department, including the overall scope and plans for their internal audits. Also, the Audit Committee shall periodically discuss with the internal auditors the results of their work and the quality and adequacy of the Company's internal controls; and
- j. The Committee shall discuss with the independent registered public accounting firm any material issues on which the national office of the independent auditor was consulted by the Company's audit team.
3. **Financial Reporting and Auditing Processes.** The Committee's and the Board's relationship with the Company's management, including its financial management, shall be governed by the following principles:
- a. The Committee shall oversee the integrity of the Company's financial reporting process;
 - b. The Committee shall discuss with the independent registered public accounting firm and management the overall scope and plans for the annual audit;
 - c. The Committee shall review with the independent registered public accounting firm, internal audit and management the adequacy and effectiveness of the Company's internal controls and procedures for financial reporting, including management's report on the adequacy or effectiveness of internal controls; any material adjustments proposed by the independent registered public accounting firm and immaterial adjustments not recorded; disclosure controls and procedures; and the fullness and accuracy of the Company's financial statements. The Committee shall consider the quality of presentation of, among other matters, critical accounting policies, off-balance sheet transactions and financial measures presented on a basis other than in accordance with generally accepted accounting principles;
 - d. The Committee shall review the quality and appropriateness of the Company's accounting principles and underlying estimates as applied in its financial reporting, including the independent registered public accounting firm's judgments concerning the foregoing;
 - e. The Committee shall oversee the process of documentation, assessment and testing of internal controls performed pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 by management, the Internal Audit Department, the Company's independent registered public accounting firm and other consultants;
 - f. In consultation with the independent registered public accounting firm, the internal auditors and management, the Committee shall review any major changes or improvements to the Company's financial and accounting principles and practices, internal controls and procedures for financial reporting and disclosure controls and procedures;
 - g. The Committee may, as it deems necessary or advisable, discuss policies with management with respect to risk assessment and risk management, including the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures; and
 - h. The Committee shall obtain assurance from its independent registered public accounting firm that Section 10A(b) of the Exchange Act (required responses to audit discoveries) has not been implicated.
4. **Oversight of Internal Audit Function**
- a. The Committee shall review the appointment and replacement of the senior internal auditing executive;
 - b. The Committee shall review the significant reports to management prepared by the internal auditing department and management's responses; and
 - c. The Committee shall discuss with the independent registered public accounting firm and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.
5. **Ethical and Legal Compliance.**
- a. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
 - b. The Committee shall review and approve all related party transactions brought to its attention, in accordance with the Company's Statement of Policy with Respect to Related Party Transactions.
 - c. The Committee shall also:
 - i. Meet periodically with the Chief Compliance Officer for a report on the Company's Corporate Compliance Program, including a review of any issues that may affect in any material way the financial reporting process, the financial or enterprise risks of the Company and internal control systems of the Company.



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- ii. Receive and review periodic reports from the Chief Compliance Officer regarding, among other things: (i) compliance-related activities undertaken by the Company; (ii) the results of material compliance audits conducted; (iii) reports on on-going compliance training programs; (iv) calls received by the Company's anonymous hotline, and the investigation and resolution of those matters; (v) the effectiveness of the Company's Code of Conduct and Ethics, and (vi) other complaints and allegations relating to the Company's compliance matters.
- iii. Review with the Company's Chief Compliance Officer and financial and other personnel, the adequacy and effectiveness of the Company's internal regulatory, corporate compliance and risk management controls.
- iv. At least annually, review the adequacy of the organization, responsibilities, plans, performance, results, budget, membership, staffing and operations of the Company's Corporate Compliance Committee and Corporate Compliance Program.
- v. Review and approve the annual compliance audit work plans that have been developed by the Compliance Department and approved by the Corporate Compliance Committee.
- vi. Review with the Company's General Counsel as necessary legal matters that may have a material impact on the Company's compliance status and any material inquiries or reports from regulators or governmental agencies.
- vii. Investigate, or ask the General Counsel to investigate, any matter brought to the attention of the Committee within the scope of its duties, and obtain legal advice for this purpose, if, in its judgment, that is appropriate.
- viii. Review any known significant disagreements between management and the Company's Chief Compliance Officer, internal auditors or independent registered public accounting firm concerning matters of regulatory or corporate compliance, as well as management's responses to those disagreements.
- ix. Take any other actions necessary or advisable from time to time to comply with applicable laws and regulations and all applicable listing standards.