

RELATED PARTY TRANSACTION POLICIES AND PROCEDURES

Policy

It is the policy of the Board of Directors of Odyssey HealthCare, Inc. (the “Company”) that all Interested Transactions with Related Parties, as those terms are defined in this policy, shall be subject to approval and ratification in accordance with the procedures set forth below. The Audit Committee (the “Committee”) of the Board of Directors of the Company pursuant to the Committee’s Charter is responsible for reviewing and approving all related-party transactions required to be disclosed pursuant to Item 404 of Regulation S-K.

Procedures

Directors and executive officers who are involved in an Interested Transaction are required to notify the Committee of such Interested Transaction for the Committee’s review and approval. The Committee shall review the material facts of all Interested Transactions that require the Committee’s approval and either approve or disapprove of the entry into the Interested Transaction, subject to the exceptions described below. If advance Committee approval of an Interested Transaction is not feasible, then the Interested Transaction shall be considered and, if the Committee determines it to be appropriate, ratified at the Committee’s next regularly scheduled meeting. In determining whether to approve or ratify an Interested Transaction, the Committee will take into account, among other factors it deems appropriate: (i) whether the terms of the Interested Transaction are fair to the Company and on the same basis as would apply if the Interested Transaction did not involve a Related Party; (ii) whether the Interested Transaction would impair the independence of the Related Party, if he or she is an outside director of the Company’s Board of Directors; and (iii) whether the Interested Transaction would present an improper conflict of interest for any of the Company’s directors or executive officers, taking into account the size of the Interested Transaction, the direct or indirect nature of the director’s, executive officer’s, or other Related Person’s interest in the Interested Transaction, and any other factors the Committee deems relevant.

The Committee has reviewed the Interested Transactions described below in “Standing Pre-Approval for Certain Interested Transactions” and determined that each of the Interested Transactions described therein shall be deemed to be pre-approved or ratified (as applicable) by the Committee under the terms of this policy.

No director shall participate in any discussion or approval of an Interested Transaction for which he or she is a Related Party, except that the director shall provide all material information concerning the Interested Transaction to the Committee.

If an Interested Transaction will be ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on at least an annual basis, shall review and assess ongoing relationships with the Related Party to see that they are in compliance with the Committee's guidelines and the Interested Transaction remains appropriate.

Definitions

An "Interested Transaction" is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year, (2) the Company is a participant, and (3) any Related Party has or will have a direct or indirect interest (other than as a result of being a director or a less than 10 percent beneficial owner of another entity).

A "Related Party" is any (a) person who is or was (since the beginning of the last fiscal year for which the Company has filed a Form 10-K and proxy statement, even if they do not presently serve in that role) an executive officer, director or nominee for election as a director of the Company, (b) greater than five percent beneficial owner of the Company's common stock, or (c) immediate family member of any of the foregoing. Immediate family members includes a person's spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and brothers- and sisters-in-law and anyone residing in such person's home (other than a tenant or employee).

Standing Pre-Approval for Certain Transactions

The Committee has reviewed the types of Interested Transactions described below and determined that each of the following Interested Transactions shall be deemed to be pre-approved by the Committee, even if the aggregate amount involved will exceed \$120,000.

1. **Employment of Executive Officers.** Any employment by the Company of an executive officer of the Company if:
 - a. the related compensation is required to be reported in the Company's proxy statement under Item 402 of the Securities and Exchange Commission's ("SEC's") compensation disclosure requirements (generally applicable to "named executive officers"); or
 - b. the executive officer is not an immediate family member of another executive officer or director of the Company, the related compensation would be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements if the executive officer was a "named executive officer", and the Company's Compensation

Committee approved (or recommended that the Board approve) such compensation.

2. **Director Compensation.** Any compensation paid to a director if the compensation is required to be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements.
3. **Transactions where all shareholders receive proportional benefits.** Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g., dividends).
4. **Certain banking-related services.** Any transaction with a Related Party involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.