

**U.S. Physical Therapy, Inc.  
Compensation Committee Charter**

**Amended May 15, 2012**

**Purpose**

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of U.S. Physical Therapy, Inc. (the “Company”) is to approve and report to the Board on the compensation to be paid to directors and senior executive officers and to administer the Company’s equity compensation plans and other executive compensation plans.

**Membership**

The Committee shall consist of Two (2) or more directors as determined by the Board. Each member of the Committee shall be a non-employee director as defined in Rule 16b-3 of the Securities Exchange Act of 1934, as amended, and an outside director as defined in Section 162(m) of the Internal Revenue Code. Each member of the Committee shall also meet the independence requirements of the New York Stock Exchange.

Each member of the Committee shall be appointed by a majority vote of the Board, and may be removed at any time by the Board, provided that the Board must, at all times, assure that the Committee will have a Chairperson and sufficient members to satisfy the requirements set forth above relating to the number and qualifications of Committee members.

The Board shall elect a Chairperson of the Committee who will be responsible for the scheduling of meetings and the functioning of the Committee. If the Chairperson is absent from a particular meeting, another member of the Committee shall serve as chairperson for purposes of that meeting.

Formal action to be taken by the Committee shall be by unanimous written consent or by the affirmative vote of a majority of the Committee members present (in person or by conference telephone) at a meeting at which a quorum is present. A quorum shall consist of a majority of the members of the Committee.

**Responsibilities**

In exercising its authority and carrying out its responsibilities, the Committee per the delegated authority granted by the Board of Directors shall be responsible for and report to the Board of Directors on the following:

1. establish goals and objectives relevant to incentive compensation awards (annual and long-term) for the Chief Executive Officer and other senior executive officers of the Company;

2. evaluate the Chief Executive Officer's and other senior executive officers' performance and the overall corporate performance in light of these goals and objectives and approve any incentive compensation for such executives;
3. determine any periodic adjustments to be made in the Chief Executive Officer's and other senior executive officers' base salary level based on the Committee's evaluation thereof;
4. for officers and key employees of the Company other than the senior executives, review the proposed salary levels and annual adjustments thereto and the incentive compensation plans formulated by senior management and the annual bonus payments to be made thereunder, and provide input and advice to senior management with respect to these compensation decisions;
5. approve all executive perquisites and any special benefit plans to be made available to senior executive officers;
6. advise on compensation of members of the Board;
7. administer the Company's equity compensation plans and approve grants to executive officers, employees and directors under such plans;
8. review a draft of the Compensation Discussion and Analysis report to be included in the Company's annual proxy statement as required by the rules of the Securities and Exchange Commission and recommend to the Board of Directors whether such Compensation Discussion and Analysis should be included in the annual proxy statement;
9. annually review the Committee's performance of its responsibilities and duties and review and reassess the adequacy of this Charter and recommend to the Board of Directors any necessary revisions/improvements to this Charter that the Compensation Committee considers appropriate; and
10. have such other responsibilities as required from time to time by law, the Bylaws or the Board.

### **Authority**

The Committee shall have the authority to delegate its responsibilities to subcommittees of one or more directors. The Committee shall have the sole discretion and authority to retain, compensate, oversee and terminate independent compensation consultants, independent legal counsel, and other advisers engaged to assist the Committee in the performance of its responsibilities.

In considering the retention of an independent compensation consultant, independent legal counsel or other adviser, the Committee shall consider the following independence factors, in addition to those deemed relevant by the Committee:

1. other services the consultant, counsel or other adviser provides to the Company;
2. how the fees of such consultant, counsel or adviser paid by the Company compare to the total revenue of such consultant, counsel, or adviser;
3. whether the compensation consultant, legal counsel, or other adviser has policies and procedures designed to prevent conflicts of interest;
4. any relationship between the consultant, counsel or adviser and a member of the Committee; and
5. any stock of the Company owned by such consultant, counsel or adviser.

The Company shall provide appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or other advisor engaged by the Committee.

### **Procedures and Administration**

1. The Chief Executive Officer may not be present during any deliberations or voting with respect to the determination of his or her own compensation.
2. The Committee shall meet at least Two (2) times per year. Additional meetings may occur as the Committee or its Chairperson deem advisable.
3. The Committee shall cause to be made and retain complete and accurate minutes of its meetings and shall periodically report to the Board regarding its actions and determinations.