

ALLION HEALTHCARE, INC.

COMPENSATION COMMITTEE CHARTER

I. PURPOSE

The purpose of the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Allion Healthcare, Inc. (the “*Company*”) is to:

- oversee the administration of the Company’s executive compensation plans, policies and programs, in particular its incentive compensation and equity-based plans;
- develop and recommend to the Board total compensation for the Company’s Chief Executive Officer and other executive officers; and
- prepare any report on executive compensation required by the rules and regulations of the Securities and Exchange Commission (the “*SEC*”).

II. COMPOSITION

The Committee shall consist of at least three members of the Board, all of whom shall be “independent” (as defined in the applicable rules of the Nasdaq National Market). At least two members of the Committee shall qualify as “Non-Employee Directors” for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (“*Rule 16b-3*”), and as “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code of 1986 (“*Section 162(m)*”). No member of the Committee may receive any compensation from the Company other than (i) director’s fees, which may be received in cash, common stock, equity-based awards or other-in-kind consideration ordinarily available to directors, (ii) a pension or other deferred compensation for prior service that is not contingent on future service and (iii) any other standard benefits that directors receive.

Committee members shall be appointed annually by a majority vote of the Board on the recommendation of the Nominating and Corporate Governance Committee. Committee members shall hold their offices until his or her successor is duly elected and qualified, or until such member’s earlier resignation or removal. Unless a Chair is elected by the full Board, the members of the committee may designate a Chair by majority vote of the full committee membership. Members may be removed, with or without cause, by a majority vote of the Board. All vacancies on the Committee shall be filled by majority vote of the Board.

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 at least one-half of the members of the Committee.

The Committee may invite such members of management and other persons to its meetings as it may deem desirable or appropriate. The Committee shall maintain a separate book of minutes of its proceedings and actions and report regularly to the Board summarizing the Committee’s actions and any significant issues considered by the Committee. The Committee

may, in its discretion, delegate authority to subcommittees, whether or not such delegation is specifically contemplated under any plan or program when and as it deems appropriate.

III. MEETINGS

The Committee shall hold meetings are deemed necessary or desirable by the chair of the Committee. All Committee members are expected to attend each meeting. As part of its responsibility to foster open communication, the Committee should meet periodically with management in separate sessions to discuss any matters that the Committee believes should be discussed privately. When deemed appropriate, Committee meetings may be held in person or by telephone. Meeting agendas shall be prepared and provided in advance to members, along with appropriate background materials. Minutes or other records of meetings and activities of the Committee shall be maintained and reported to the full Board.

IV. RESPONSIBILITIES AND DUTIES

The Committee discharges the Board's responsibilities relating to compensation of the Company's executive officers and produces an annual report on executive compensation for inclusion in the Company's proxy statement. The Committee approves and administers executive compensation programs in furtherance of the interests of the Company's stockholders. The Committee has the responsibility and authority to oversee and review the Company's overall programs of employee benefits as well as the Company's policies and terms and conditions applicable to its employees. In discharging its oversight role, the Committee is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the sole authority to approve the fees payable to such counsel or other experts and all other terms of retention.

The following shall be the principal duties of the Committee in carrying out its responsibilities:

1. The Committee shall review and approve corporate goals and objectives established by the Board that are relevant to the compensation of the Company's Chief Executive Officer (the "CEO") and the other executive officers of the Company. The Committee shall evaluate the performance of the CEO and, in conjunction with the CEO, the other executive officers in light of those goals and objectives, and set compensation levels based on this evaluation. In determining compensation, the Committee shall consider all factors it deems relevant, including the Company's performance and relative shareholder return, the value of similar incentive awards to those with similar responsibilities at comparable companies and the awards given by the Company in past years.
2. The Committee shall review and recommend to the Board the creation and/or revision of executive incentive compensation plans and equity-based plans.
3. The Committee shall make recommendations to the Board with respect to executives' benefits and perquisites.

4. The Committee shall review the Company's treatment of director and officer indemnification and insurance matters.
5. The Committee shall review and recommend to the Board, or approve, any contracts or transactions with current or former executive officers of the Company, including consulting, employment contracts, severance or termination arrangements and loans to employees made or guaranteed by the Company.
6. The Committee shall discuss with management periodically, as it deems appropriate, reports from management relating to the Company's regulatory compliance with respect to compensation matters. The Committee shall review the Company's policies on the tax deductibility of compensation paid to "covered employees" (as defined by Section 162(m)), and, as and when required, administer plans, establish performance goals and certify that such performance goals have been attained for purposes of Section 162(m).
7. The Committee shall draft and approve the annual report on executive compensation required to be included in the Company's annual proxy statement in accordance with applicable rules and regulations of the Securities and Exchange Commission and generally oversee compliance with the compensation reporting requirements of the SEC.
8. The Committee shall recommend to the Board any revisions to this charter the Committee deems necessary or desirable, although the Board shall have the sole authority to amend this charter.
9. The Committee shall discharge any other duties or responsibilities delegated to the Committee by the Board.

V. RESOURCES AND AUTHORITY

The Committee shall have the resources, authority and funding appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. The Committee shall have sole authority over the retention and termination of compensation consultants used to assist in the evaluation of CEO or executive compensation.