QUORUM HEALTH CORPORATION

AUDIT AND COMPLIANCE COMMITTEE CHARTER

The Board of Directors (the “Board”) of Quorum Health Corporation (the “Company”) has established an Audit and Compliance Committee (the “Committee”) with general responsibility and specific duties as described below.

COMPOSITION

The Committee shall be comprised of not less than three (3) Directors who shall meet all independence and other requirements of applicable statutes, the rules and regulations of the Securities and Exchange Commission (the “SEC”), and the New York Stock Exchange Listing Standards as may be in effect from time to time. Committee members shall be elected by the Board at its annual meeting and shall serve until their successors are duly elected and qualified. The Committee’s chairperson shall be designated by the full Board, or if the Board does not do so, by vote of a majority of the full Committee.

At least one member of the Committee shall be an “audit committee financial expert” in accordance with the rules of the Securities and Exchange Commission, and at least one member (who may also serve as the audit committee financial expert) shall have accounting or related financial management expertise. The designation or determination by the Board of a person as an audit committee financial expert will not impose on such person individually, on the Committee, or on the Board as a whole, any greater duties, obligations or liability than would exist in the absence of such designation or determination. All other Committee members shall be financially literate. To effectively perform his or her role, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Company’s business, operations and risks.

The Committee may form and delegate authority to subcommittees where appropriate.

RESPONSIBILITY

The Committee’s responsibility is to provide advice and counsel to Management regarding, and to assist the Board in its oversight of (1) the integrity of the Company’s financial statements, (2) the Company’s compliance with legal and regulatory requirements, (3) the independent registered public accounting firm’s (the “Independent Auditor’s”) qualifications, independence, and performance, and (4) the performance of the Company’s internal audit function. The Committee shall also have responsibility for review and approval of the Company’s decision whether or not to enter into swaps. The Committee also shall prepare the report of the Committee required to be included in the Company’s annual proxy statement.

The Committee is empowered, without seeking Board approval, to retain persons having special competence, including independent legal, accounting and other advisors, as necessary to assist the Committee in fulfilling its responsibility. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in
accordance with generally accepted accounting principles ("GAAP"). This is the responsibility of Management and the Independent Auditor. The Independent Auditor reports directly to the Committee. The Committee shall be entitled to receive appropriate funding, as determined by the Committee, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any independent counsel and other advisors engaged by the Committee as it determines necessary to carry out its duties; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

MEETINGS

The Committee shall meet with such frequency and at such intervals as it determines necessary to carry out its duties and responsibilities, but in any case, not less than four times a year. Members of the Committee should endeavor to be present, in person or by telephone, at all meetings; however, two (2) Committee members shall constitute a quorum.

SPECIFIC DUTIES

1. Appoint the Independent Auditor (subject to ratification by the stockholders), evaluate the Independent Auditor, approve all audit engagement fees and terms, as well as all non-audit engagements with the Independent Auditor, oversee the work done by the Company’s Independent Auditor, and review and approve any discharge of the Independent Auditor. The Committee shall pre-approve all audit and permitted non-audit and tax services that may be provided by the Independent Auditor or other registered public accounting firms, and establish policies and procedures for the Committee’s pre-approval of permitted services by the Independent Auditors or other registered public accounting firms on an ongoing basis. The Committee may delegate to one or more Committee members the authority to pre-approve such non-audit services below a de minimus threshold of $15,000.00 between regularly scheduled meetings provided that such approvals are reported to the full Committee at the next Committee meeting.

2. Select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

3. At least annually, obtain and review a report by the Independent Auditor describing: the firm’s internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues, a report regarding the Independent Auditor’s independence and (to assess the Independent Auditor’s independence) a report of all relationships between the Independent Auditor and the Company.

4. At least annually, review and evaluate the qualifications, performance and independence of the Independent Auditor’s lead audit partner, assure the regular rotation of the lead audit partner, and consider the regular rotation of the accounting firm serving as the Company’s independent auditor.
5. Meet with the Independent Auditor and management to review and discuss the Company’s annual audited financial statements and quarterly financial statements, including disclosures in management’s discussion and analysis of financial condition and results of operations, critical accounting estimates, significant unusual transactions, all alternative treatments of financial information within GAAP for policies and procedures related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Auditor, and the auditor’s evaluation of the quality of the Company’s financial reporting. The Committee shall make a recommendation to the Board as to whether the annual audited financial statements should be included in the Annual Report on Form 10-K.

6. Set clear hiring policies for employees or former employees of the Independent Auditor.

7. Become familiar with the significant accounting and reporting principles and practices applied by the Company in preparing its financial statements.

8. Review, prior to the annual audit, the scope and general extent of the Independent Auditor’s audit examinations including communications regarding the audit’s timing, strategy and significant risk.

9. Review with the Independent Auditor any audit problems or difficulties and management’s responses and resolve any disputes between management and the Independent Auditor regarding financial reporting. Discuss with the Independent Auditor the quality of the Company’s financial accounting personnel, and any relevant recommendations that the Independent Auditor may have.

10. Meet separately, periodically, with the Chief Financial Officer, the Chief Accounting Officer, the senior officer for Internal Audit, the senior officer for Enterprise Risk Management, the Corporate Compliance Officer, the General Counsel, and the Independent Auditor.

11. Review with the Chief Financial Officer, the Chief Accounting Officer, the Corporate Compliance Officer, the Independent Auditor, and the senior officer for Internal Audit, the Company’s policies and procedures, as appropriate, to reasonably assess the adequacy of internal accounting and financial reporting controls and compliance practices and procedures.

12. Review and concur in the appointment, replacement, reassignment, or dismissal of the senior officer for Internal Audit, who shall report directly to the Committee.

13. Review with the Chief Financial Officer, the Chief Accounting Officer, the Corporate Compliance Officer, and the senior officer for Internal Audit the adequacy and the scope of the annual internal audit plan, and any significant audit findings.

14. Review with the Chief Financial Officer, the Chief Accounting Officer, the Corporate Compliance Officer, the senior officer for Internal Audit and the Independent Auditor, annual audited financial statements and quarterly financial statements, including the Company’s disclosure under “Management’s Discussion and Analysis of Financial Condition.
and Results of Operation” prior to their release to the public. Discuss with the Independent Auditor any other matters required to be discussed by the PCAOB.

15. Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to their public release.

16. Monitor non-Board services provided by Directors and Executive Officers and other transactions with the Company and its subsidiaries.

17. Oversee and conduct an appropriate review of all related party transactions (transactions required to be disclosed by Item 404 of Regulation S-K) on an ongoing basis for potential conflicts of interest.

18. Advise the Board with respect to the policies and procedures of the Corporate Compliance Program and any material reports to or inquiries received from regulators or governmental agencies.

19. Oversee procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.

20. Oversee procedures for the receipt, retention and treatment of complaints by confidential anonymous submission by the Company’s employees of concerns regarding questionable accounting or auditing matters and other whistleblowing concerns. Monitor investigations of significant reportable concerns and reporting trends.

21. Discuss the guidelines, policies and practices through which risk oversight is handled by the Company. Discuss the Company’s major financial exposures and the steps management has taken to monitor and control such exposures. Recommend to the Board acceptance of the Company’s enterprise risk management process. Support the Board in its assessment of key risks, and its process of delegating risk oversight to the Standing Committees or reserving full risk oversight to itself. Review, along with other Standing Committees, the limits, thresholds, or other metrics proposed by management to monitor risk and the escalation process for breaches.

22. Review regular reports from management regarding the management of risks the Committee oversees and periodically report on such risks to the full Board.

23. At least annually, support the Board’s review of the allocation of responsibility for the oversight of risk areas among the Board committees and implement any changes the Board deems appropriate.

24. Obtain and review a report from the Independent Auditor regarding (1) all critical accounting policies and practices to be used, (2) all alternative treatments of financial information within GAAP that have been discussed with management and the ramifications of the use of such alternative disclosures and treatments, (3) the treatment preferred by the Independent Auditor, and (4) other written communications such as any management letters or schedule of unadjusted differences.
27. Obtain and review reports from Management assessing the effectiveness of the Company’s internal control structure and procedures for financial reporting, including (1) all significant deficiencies or material weakness in the design or operation of internal controls, (2) any fraud, whether or not material, that involves Management or other employees having a significant role in the internal controls, and (3) all significant changes to internal controls, including corrective actions, since the last report to the Committee.

28. Oversee procedures for the establishment of, and review at least annually (and more frequently as determined necessary or appropriate, including, without limitation, as a result of changes in regulation, market conditions, or the Company’s hedging policies or objectives or capital structure) the Company’s policies regarding the Company’s use of swaps.

29. Review the Committee’s Charter annually, and update as appropriate.

30. Perform an annual evaluation of the Committee, including evaluating the qualifications of the Committee’s members in accordance with the standards and requirements of the New York Stock Exchange and the SEC.

31. Report regularly to the Board with such recommendations as the Committee may deem appropriate.

32. Perform such other functions as may be required by law, the Company’s Certificate of Incorporation or By-Laws as in effect from time to time, or the Board.

APPROVAL AND ADOPTION