

AUDIT COMMITTEE CHARTER

This charter (the “Charter”) sets forth the duties and responsibilities and governs the operations of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Grady Memorial Hospital Corporation (the “Corporation”), a nonprofit corporation organized and existing under the Georgia Nonprofit Corporation Code.

I. Purpose

The Committee’s purpose is to assist the Board in the oversight of the quality and integrity of the Corporation’s financial statements, including the annual audited consolidated financial statements, quarterly and other interim financial statements, the Corporation’s internal controls and the assessment and testing of those controls, the Corporation’s internal audit function, internal audit reports and other significant financial statement matters involving the Corporation.

II. Duties and Responsibilities

The Committee’s primary duties and responsibilities are as follows:

A. General Oversight of the Financial Reporting Processes

1. In consultation with the Corporation’s independent accountants and the internal audit director, review at least annually the integrity of the Corporation’s financial reporting processes, both internal and external.

2. Consider the independent accountants’ judgments about the quality and appropriateness of the Corporation’s accounting principles as applied in its financial statements. Review all analyses prepared by any officer or the independent accountants of significant financial reporting issues and judgments made in connection with the preparation of the Corporation’s financial statements, including any analysis of the effect of alternative generally accepted accounting principles on the Corporation’s financial statements.

3. Annually review with the Chief Financial Officer and the Controller, and separately with the independent accountants, major issues regarding the Corporation’s auditing and accounting principles and practices and its presentation of financial statements, including the adequacy of internal controls and any special audit steps adopted in light of material internal control deficiencies and any audit problems or difficulties.

4. Discuss with the appropriate officers and legal counsel the status of pending

litigation that may affect the Corporation's financial statements or financial condition.

5. Meet at least annually with the Chief Financial Officer, the internal auditors and the independent accountants in separate executive sessions if and to the extent permitted by laws applicable to the Corporation.

6. Establish and conduct procedures for the receipt, retention and treatment of complaints from employees on accounting, internal accounting controls or auditing matters, as well as for confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.

7. Review the policies with respect to risk assessment and risk management that are approved by the Finance Committee and review with the independent accountants the effect, if any, of those policies on the Corporation's financial statements.

8. Review with the appropriate officers of the Corporation and the independent accountants any correspondence with regulators or government agencies, any employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies.

B. Independent Accountants Matters

1. Interview, appoint, retain, evaluate, compensate and terminate the Corporation's independent accountants, considering the accounting firm's independence and effectiveness and level of compensation. The independent accountants are accountable to the Committee and to the Board.

2. Meet with the independent accountants and the Corporation's financial management to review the scope of the proposed external audit for the current year. Discuss with the independent accountants prior to the audit the general planning for and staffing of the audit.

3. On an annual basis, the Committee shall evaluate the independent accountants' qualifications, performance and independence. To assist in this undertaking, the Committee shall require the independent accountants to submit a report (which report shall be reviewed by the Committee) describing (a) the independent accountants' internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the accounting firm or by any inquiry or investigations by governmental or professional authorities (within the preceding five years) respecting one or more independent audits carried out by the independent accountants, and any steps taken to deal with any such issues and (c) all relationships the independent accountants have with the Corporation and relevant third parties to determine the impact, if any of such relationships on the independence of the independent accountants. In making its determination, the Committee shall consider not only auditing and

other traditional accounting functions performed by the independent accountants, but also consulting, information technology services and other professional services rendered by the independent accountants and its affiliates.

4. Approve in advance any non-audit services to be provided by the independent accountants, after determining that such non-audit services will not adversely affect the independence of the independent accountants. The Committee may delegate the authority so to approve to the Committee Chairperson or another member of the Committee.

5. Discuss with the Corporation's financial management and the independent accountants the timing and process for complying with all partner rotation requirements applicable to the independent accountants.

6. Establish and periodically review hiring policies for employees or former employees of the independent accountants.

7. Review with the independent accountants any problems or difficulties the auditors may have encountered during an audit and any "management" or "internal control" letter provided by the independent accountants and the Corporation's response to that letter. Such review should include the following:

(a) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information and any disagreements with management;

(b) any accounting adjustments that were proposed by the independent accountants that were not agreed to by the Corporation;

(c) communications between the independent accountants and its national office regarding any issues on which it was consulted by the audit team and matters of audit quality and consistency; and

(d) the responsibilities, performance, budget and staffing of the Company's internal audit function.

8. Review the form of opinion proposed to be rendered by the independent accountants with respect to the Corporation's annual audited consolidated financial statements.

9. At least annually consult with the independent accountants regarding (a) weaknesses in the Company's internal controls and actions that would improve any weaknesses or deficiencies, (b) whether the independent auditors have noticed unusual transactions that require further investigation, and (c) any disagreements between the independent auditors and management regarding the annual audit or the Corporation's consolidated financial statements.

C. Internal Audit and Internal Controls Matters

1. Approve the appointment and replacement of the director of internal audit.
2. Advise the director of the internal audit staff that he or she is accountable to the Committee and the Board and to obtain from the director of internal audit summaries of, and as appropriate, significant reports to management prepared by the internal audit department and management's responses.
3. Review and discuss with the director of internal audit the scope and results of the annual internal audit plan and significant findings from current audit projects. Discuss with financial management and the director of internal audit the appropriate staffing level for the internal audit function.
4. Discuss any difficulties the internal audit staff encountered in the course of the performance of its work, including any restrictions on its activities or access to requested information and any significant disagreements with management and management's response.
5. Meet regularly, and particularly at year-end, with the director of internal audit to discuss the strengths and weaknesses of internal controls. Review with the director of internal audit management's assessment of the Corporation's internal controls and any testing of those controls.
6. Periodically discuss with the Chief Executive Officer and Chief Financial Officer significant deficiencies in the design or operation of the internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data.
7. Consider and review with financial management and the director of internal audit the internal auditors' compliance with the appropriate standards of The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.

D. General

1. Perform any other duties and responsibilities as the Board may deem necessary, advisable or appropriate for the Committee to perform.
2. Perform such other duties and responsibilities as the Committee deems appropriate to carry out its purpose as provided in this Charter.

3. Report on a regular basis, but no less frequently than quarterly, to the Board concerning the Corporation's financial statement, audit and internal audit matters. Urgent and time sensitive matters shall be reported at the next regular or special Board meeting.

III. Organization

The Committee's members shall be appointed in accordance with the applicable provisions of the Bylaws and the Corporate Governance Principles adopted by the Corporation's Nominating and Governance Committee, except that each member of the Committee (i) shall be "independent" and "financially literate", as determined by the Board, applying the definitions of those terms under the rules of the New York Stock Exchange, and (ii) shall be "independent" under the Corporate Governance Principles.

The chairperson, the call and conduct of Committee meetings, the preparation of Committee minutes, and the Committee's other activities shall be appointed, conducted and accomplished in accordance with applicable provisions of the Bylaws and the Corporate Governance Principles adopted by the Corporation's Nominating and Governance Committee.

IV. Performance Evaluation

The Committee shall prepare and review with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation shall also recommend to the Board any amendments to this Charter deemed necessary or desirable by the Committee. The performance evaluation shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson or any other member of the Committee designated by the Committee to make the report.

V. Resources and Authority of the Committee

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the sole authority to select, retain, terminate, and approve the engagement and other retention terms of special counsel or other experts or consultants, as it deems appropriate.

VI. Amendment

This charter shall not be amended except upon approval by the Board.

Adopted by the Board on _____, 2008.