



Enhancing Outcomes for Patients and Their Caregivers...

Hill-Rom Holdings, Inc. **Audit Committee Charter**

(As approved by the Board of Directors on September 15, 2014)

Purpose

The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities relating to (i) corporate accounting, disclosure and reporting practices, (ii) the quality and integrity of the Company's financial statements and internal controls, (iii) the qualifications, independence and performance of the Company's internal audit department and independent registered public accounting firm, (iv) legal and regulatory compliance of the Company, and (v) the preparation of an Audit Committee report for inclusion in the Company's annual proxy statement in accordance with applicable rules and regulations.

Organization

The Audit Committee shall be comprised of not less than three members of the Board who shall meet the independence, experience, financial literacy, expertise and other requirements of the New York Stock Exchange, applicable SEC regulations and any other applicable federal and state securities law and regulations. At least one member of the Audit Committee shall qualify as an Audit Committee financial expert.

The Board shall appoint the members and Chair of the Audit Committee from time to time after considering the recommendations of the Nominating and Governance Committee, and upon a determination by the Board that the nominees meet all eligibility requirements for Audit Committee membership. The Board may, at any time, change the membership of the Audit Committee and fill vacancies, subject to new member(s) satisfying the above requirements. No member of the Audit Committee shall sit on the audit committees of more than two other public companies.

A majority of the Audit Committee members will constitute a quorum for the transaction of business at any meeting of the Audit Committee. Action of the majority at any such meeting will be the action of the Audit Committee. The Chair of the Audit Committee may call meetings as necessary to carry out its responsibilities, but shall call a meeting at least once each fiscal quarter.

The Audit Committee shall conduct its operations in accordance with the procedures set forth in Article 4 of the Company's Code of By-Laws applicable to the operations of the Board, except to the extent that such procedures are modified or superseded by the terms of this Charter or applicable law or regulatory requirements. The Audit Committee shall have the authority to adopt such additional procedures for the conduct of its business as are not inconsistent with those referred to in the preceding sentence. The Audit Committee shall have no authority to delegate its responsibilities to any subcommittee.

Committee Authority and Responsibilities

The Audit Committee shall provide for free and open communication between the Committee and the Company's directors, independent registered public accounting firm representatives, internal audit department and management.

Both the Company's internal audit department and independent registered public accounting firm are ultimately accountable to the Board of Directors and the Audit Committee as representatives of the Company's stockholders. The Audit Committee, in its capacity as a committee of the Board of Directors, shall be directly responsible for the appointment, compensation, retention and oversight of the work (including resolution of disagreements between management and the independent registered public accounting firm regarding financial reporting) of the Company's independent registered public accounting firm for the purpose of preparing or issuing an audit report or related work. The Audit Committee shall have sole responsibility for engaging or terminating the relationship with the Company's independent registered public accounting firm and the independent registered public accounting firm shall report directly to the Audit Committee. The Company shall provide appropriate funding, as determined by the Audit Committee, for payment of compensation fees and expenses to the independent auditor for the purpose of rendering an audit report or for performing other audit, review or attest services for the Company.

The Audit Committee has authority to retain special legal, accounting or other consultants to advise the Audit Committee as it may determine appropriate. The Audit Committee may require any officer or employee of the Company or the Company's legal counsel or independent auditor to attend committee meetings or to meet with any members of, or consultants to, the Audit Committee. The Company shall provide for appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board of Directors, for payment of all (i) fees and expenses to any advisors employed by the Audit Committee pursuant to its authority under this Charter or applicable law or regulations and (ii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls over financial reporting or auditing matters, as well as the confidential, anonymous submissions by employees of the Company of concerns regarding questionable accounting or auditing matters. The Audit Committee shall have sole oversight over matters of financial compliance (accounting, auditing, financial reporting, and investor disclosures). As to all other areas of compliance, the Nominating and Governance Committee of the Board shall have oversight responsibilities in the first (but not exclusive) instance. However, notwithstanding anything herein to the contrary, the Audit Committee shall also have all oversight responsibilities that are required by law, regulation, stock exchange rule, or charter.

The Audit Committee shall make regular reports to the Board. In addition, the Audit Committee shall:

1. Conduct, and review with the Board, an annual performance evaluation of the Committee and review and reassess the adequacy of the Audit Committee charter annually, submitting any recommended changes to the Board for approval;
2. Approve the appointment of and engage an independent registered public accounting firm that meets NYSE and applicable securities law and regulatory requirements to audit the financial statements of the Company and its divisions and subsidiaries and the Company's pension plans;
3. Review written statements from the independent registered public accounting firm delineating all non-audit relationships between the independent registered public accounting firm and the Company, review with the independent registered public accounting firm the effect of any disclosed relationships or services on objectivity and independence of the independent registered public accounting firm, confirm the independence of the appointed independent registered public accounting firm, and approve the compensation arrangements and proxy statement disclosures of compensation, fees and expenses paid to the independent registered public accounting firm;
4. Receive and review, at least annually, a report by the independent registered public accounting firm describing (i) the auditor's internal quality control procedures and (ii) any material issues raised by the most recent internal quality control review or peer group review of the firm or by governmental or professional authorities in the preceding five years relating to an independent audit conducted by the firm and resolution of such issues, and any steps taken to deal with such issues, and (iii) all relationships between the independent auditor and the Company to assess the independence of the independent registered public accounting firm;
5. Approve in advance, as a Committee or by delegation of authority to one or more members of the Committee, any permitted non-audit services performed by the Company's independent registered public accounting firm, including tax services, and cause such approval to be disclosed in the Company's periodic filings as required by applicable regulations;
6. Discuss with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 114 and other applicable laws and regulatory requirements relating to the conduct of the audit;
7. Meet with the independent registered public accounting firm representatives and financial management of the Company to review the scope of the proposed audit for the upcoming year and the audit procedures to be used, and at the conclusion of the year review such audit, including any comments or recommendations of the independent registered public accounting firm;
8. Review with the Company's independent registered public accounting firm, internal audit department, and financial and accounting personnel, the adequacy and effectiveness of the internal controls over financial reporting and disclosure controls of the Company, and elicit any recommendations for the improvement of such internal control and disclosure control procedures or particular areas where new or more detailed controls or procedures are desirable;

9. Review the internal audit function of the Company, including its organizational structure, authority and independence of reporting obligations, department budget, qualification of personnel and the proposed audit plans for the coming year, and the coordination of such plans with the outside auditors. Review and concur with the appointment, reassignment or dismissal of the head of the internal audit department;
10. Receive, review and discuss with the Company's independent registered public accounting firm, and the head of the internal audit department, as appropriate (i) a summary of significant findings from completed internal audits, together with management's response, and periodic progress reports, with explanation for any deviations from the original plan, (ii) all critical accounting policies and practices to be used, (iii) all alternative treatments of financial information within GAAP (generally accepted accounting principles) that have been discussed with management, (iv) ramifications of alternative disclosures and treatments, and the treatment preferred by the independent registered public accounting firm, and (v) other material written communications between the independent registered public accounting firm and management;
11. Review and discuss with management and the independent registered public accounting firm (i) the Company's procedures with respect to risk assessment and risk management, including significant financial risks, (ii) the financial statements, (iii) the Company's earnings press releases and any earnings guidance provided to analysts and rating agencies, and (iv) the Company's draft MD&A for the period with management and the independent registered public accounting firm, prior to its issuance. Among the items to be discussed are (i) accounting principles, practices and judgments, (ii) whether the independent registered public accounting firm is satisfied with the disclosure and content of the financial statements to be presented to the stockholders, and (iii) any changes in accounting principles. Determine whether to recommend to the Board that the audited consolidated financial statements be included in the Company's annual report on Form 10-K;
12. Meet separately in executive session on a regular basis independently and with (i) the independent registered public accounting firm, (ii) the head of the internal audit department, and (iii) management. Among the items to be discussed in these meetings are the independent registered public accounting firm's evaluation of the Company's financial, accounting, and auditing personnel, the independent registered public accounting firm's judgments about the Company's accounting principles as applied to its financial reporting; the level of management cooperation that internal audit and the independent registered public accounting firm received during the course of the audit; and management's assessment of the performance of the independent registered public accounting firm;
13. Establish clear hiring policies for employees or former employees of the Company's independent registered public accounting firm;
14. Report to the Board on significant matters discussed at each Committee meeting;
15. Investigate, as appropriate, any matter brought to its attention within the scope of its duties, with the power to retain outside counsel or a second independent registered

public accountant, at the expense of the Company, for this purpose if, in its judgment, that is appropriate;

16. Prepare an appropriate Audit Committee report to stockholders to be included in the Company's annual proxy statement that is consistent with applicable law and Securities and Exchange Commission requirements;
17. Establish procedures as required by Section 10A(m)(4) of the Securities Exchange Act of 1934 (the "Exchange Act") for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
18. Review and address any complaints submitted pursuant to its complaint procedures for accounting and auditing matters related as well as any whistleblower complaints subject to Section 21F of the Exchange Act;
19. Perform any other activities consistent with this Charter, the Company's By-Laws, and governing law and regulations, as the Committee or Board deems necessary or appropriate; and
20. Review with its independent registered public accounting firm any audit problems or difficulties and management's response.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to prepare financial statements, 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 and applicable rules and regulations. These are the responsibility of management and the Company's independent registered public accounting firm.