



**SECOND AMENDED AND RESTATED  
AUDIT AND COMPLIANCE COMMITTEE CHARTER  
ADOPTED BY THE BOARD OF DIRECTORS OF VENTAS, INC.**

**Adopted March 4, 2004**

**Organization and Membership**

There shall be an Audit and Compliance Committee of the Board of Directors of Ventas, Inc. (the "Company") composed of three or more directors, as the Board of Directors may determine from time to time, each of whom shall be financially literate and shall otherwise comply with the independence and experience requirements of the New York Stock Exchange, Inc., the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations of the Securities and Exchange Commission (the "Commission"). In addition, at least one member of the Audit and Compliance Committee must be an "audit committee financial expert" as defined by the Commission, and one of the members of the Audit and Compliance Committee shall be elected Committee Chairman by the Board of Directors. No member of the Audit and Compliance Committee shall simultaneously serve on the audit committees of more than three public companies, including the Audit and Compliance Committee of the Company, unless the Board of Directors shall first determine that such simultaneous service does not impair the ability of such member to effectively serve on the Company's Audit and Compliance Committee. The members of the Audit and Compliance Committee shall be appointed by the Board of Directors on the recommendation of the Nominating and Governance Committee. Members of the Audit and Compliance Committee may be replaced by the Board of Directors.

**Meetings**

The Audit and Compliance Committee shall meet as often as it determines, but not less frequently than quarterly. The Audit and Compliance Committee shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions. The Chairperson of the Audit and Compliance Committee, with the assistance of Company management, shall be responsible for scheduling all meetings of the Audit and Compliance Committee and providing the Audit and Compliance Committee with a written agenda for each meeting. The Chairperson shall preside at the meetings of the Audit and Compliance Committee. In the absence of the Chairperson, the majority of the members of the Audit and Compliance Committee present at the meeting shall appoint a member to preside at the meeting. A majority of the members of the Audit and Compliance Committee shall constitute a quorum for the transaction of business. The Audit and Compliance Committee may adopt such other rules and regulations for calling and holding its meetings and for the transaction of business at such meetings as are necessary or desirable and not inconsistent with the provisions of the Bylaws of the Company or this Charter. All independent directors are invited to attend and shall receive notice and the materials for all meetings of the Audit and Compliance Committee, although formal action of the Audit and Compliance Committee shall be effected solely through the vote

of the appointed Audit and Compliance Committee members. The Audit and Compliance Committee may determine the appropriate and necessary attendees for each of its meetings.

The Audit and Compliance Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Audit and Compliance Committee or to meet with any members of, or consultants to, the Audit and Compliance Committee.

### **Purpose and Policy**

The Audit and Compliance Committee shall assist the Board of Directors in fulfilling its responsibility relating to the Company's accounting and reporting practices, including Board oversight of (1) the quality and integrity of the financial reports of the Company, (2) the compliance by the Company with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Company's internal audit function and independent auditors. The Audit and Compliance Committee shall prepare the report required by the rules of the Commission to be included in the Company's annual proxy statement.

The Audit and Compliance Committee shall endeavor to maintain free and open communication between the Board of Directors, the independent auditors, the internal auditors, and the financial management.

The Audit and Compliance Committee should have a clear understanding with the independent auditors that the independent auditors must maintain an open and transparent relationship with the Committee and that the independent auditors are ultimately accountable to the Board of Directors and the Audit and Compliance Committee.

### **Authority and Responsibilities**

The Audit and Compliance Committee, in its capacity as a committee of the Board of Directors, has the ultimate authority and responsibility to appoint, evaluate and, where appropriate, replace the independent auditors (or to nominate the independent auditors to be proposed for shareholder approval in the Company's proxy statement). The Audit and Compliance Committee shall be directly responsible for the compensation, retention and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit and Compliance Committee.

The Audit and Compliance Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit and Compliance Committee prior to the completion of the audit. The Audit and Compliance Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit and Compliance Committee at its next scheduled meeting.

The Audit and Compliance Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit and Compliance Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company, to any advisors employed by the Audit and Compliance Committee and ordinary administrative expenses of the Audit and Compliance Committee that are necessary or appropriate in carrying out its duties.

The Audit and Compliance Committee shall make regular reports to the Board of Directors. It shall review with the full Board of Directors any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit function. The Audit and Compliance Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval. The Audit and Compliance Committee, with the oversight of the Nominating and Governance Committee, shall annually review the Audit and Compliance Committee's performance.

The Audit and Compliance Committee, to the extent it deems necessary or appropriate, shall:

#### Financial Statement and Disclosure Matters

1. Review, discuss with management and the independent auditor and approve the Company's annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," annual reports, registration statements, and material amendments to any of them, as filed with the Commission, and make recommendations to the Board of Directors regarding the Board of Directors' execution of such statements and reports;
2. Review the annual financial statements, annual reports and registration statements of the Company's direct or indirect subsidiaries as, in the Audit and Compliance Committee's judgment, is appropriate in order to fulfill its responsibilities;
3. Review and discuss with management and the independent auditor significant accounting and financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;
4. Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles ("GAAP") methods on the financial statements;
5. Review and discuss quarterly reports from the independent auditors on:

- (a) All critical accounting policies and practices to be used,
  - (b) All alternative treatments of financial information within GAAP 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
  - (c) Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences;
6. Review and discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;
  7. Review and discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as any financial information and earnings guidance provided to analysts and ratings agencies. Such discussion may be done generally (i.e., a discussion consisting of the types of information to be disclosed and the types of presentations to be made);
  8. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies and guidelines;
  9. Discuss with the independent auditor any problems relating to the conduct of the audit and management's response thereto, including any difficulties encountered in the course of the audit work, any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management;
  10. Review disclosures made to the Audit and Compliance Committee by the Company's chief executive officer and chief financial officer during their certification process for the Company's Annual Report Form 10-K and Quarterly Reports on Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls;

#### Oversight of the Company's Relationship with the Independent Auditor

11. Review and evaluate the lead partner of the independent auditor team;
12. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) 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, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Company;

13. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the independent auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the independent auditor's independence, taking into account the opinions of management and internal auditors. The Audit and Compliance Committee shall present its conclusions with respect to the independent auditor to the Board;
14. Ensure the rotation of the audit partners as required by law, and consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis;
15. Set clear policies for the Company's hiring of employees or former employees of the independent auditor;
16. Discuss with the independent auditor issues on which the national office of the independent auditor was consulted by the Company's audit team, and discuss with the national office of the independent auditor matters of audit quality and consistency;
17. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit;

#### Oversight of the Company's Internal Audit Function

18. Ensure the Company maintains an internal audit function to provide management and the Committee with ongoing assessments of the Company's risk management processes and system of internal control;
19. Review the appointment and replacement of the internal auditor or senior internal auditing executive, as applicable;
20. Review the significant reports to management prepared by the internal auditor or the internal auditing department, as applicable, and management's responses;
21. Discuss with the independent auditor and management the internal auditor responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit;

#### Compliance Oversight Responsibilities

22. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated;
23. Review (a) all contracts, transactions or other situations in which a director or officer of the Company is "interested," as provided in Section 144 of the Delaware Corporation law and (b) all other conflict of interest and similar matters involving a director or officer of the Company;

24. Establish procedures 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;
25. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies;
26. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies;

#### Additional Responsibilities

27. Review accounting and financial personnel and succession planning for such personnel;
28. Report to the Board on matters discussed at each Audit and Compliance Committee meeting; and
29. Perform such other duties and responsibilities as may be assigned to the Audit and Compliance Committee by the Board.

#### **Limitation of Audit Committee's Role**

While the Audit and Compliance Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit and Compliance Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditor.