



Audit Committee Charter

Mission

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities to the Company and its stockholders by overseeing (a) the quality and integrity of the Company's financial statements, the accounting and financial reporting process, and the Company's systems of internal accounting and financial controls, (b) those involved in the preparation and review of the financial statements, (c) the performance of the Company's internal audit function and the independent auditor and (d) the compliance by the Company with legal and regulatory requirements, including the Company's disclosure controls and procedures.

Membership

The Committee shall be composed of at least three members of the Board, each of whom meets the independence, expertise and experience requirements of the New York Stock Exchange and applicable law, as determined by the Board in its business judgment. In particular, each member must be financially literate and the Board of Directors will use its best efforts to ensure that at least one member of the Committee shall be an "audit committee financial expert" (as defined under SEC rules).

The members of the Committee shall be appointed by the Board and may be replaced by the Board, and the Board shall designate one of the members as the Chairman. Any responsibilities of the Committee may be delegated by the Committee to the Chairman or any other member; provided that any delegate shall report any actions taken by him or her to the whole Committee at its next regularly scheduled meeting. Committee members may not serve on more than three public company audit committees at any given time.

Meetings

The Committee shall meet as often as it determines necessary to meet its objectives, but no less frequently than quarterly. The Chairman shall be responsible for leadership of the Committee, presiding over the meetings and reporting for the Committee to the Board. To the extent practical, prior to each meeting an agenda approved by the Chairman should be distributed to the members. The Committee may request any officer or employee of the Company or the Company's internal and outside legal counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall have direct access to management, internal staff, the internal auditor, the independent auditor and the Company's outside legal counsel and internal legal counsel, both at meetings and otherwise.

A majority of the members of the Committee will constitute a quorum. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called or held; provided however that any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The minutes shall be circulated in draft to all Committee members to ensure an accurate final record, shall be approved at a subsequent meeting of the Committee and shall be distributed periodically to the full Board of Directors.

Duties and Responsibilities

The Committee's primary duties are to:

1. Serve as an independent and objective body to monitor and assess the Company's compliance with legal and regulatory requirements, the Company's financial reporting processes and related internal quality-control procedures and the effectiveness, of the Company's internal audit function.
2. Oversee and approve the audit, audit-related, tax and other services provided by the independent auditor and be directly responsible for the appointment, independence, qualifications, compensation and oversight of the independent auditor, who shall report directly to the Committee.

3. Provide an open avenue of communication among the independent auditor, financial and senior management, the internal auditing department and the Board, and resolve any disagreements between management and the independent auditor regarding financial reporting.
4. Prepare a report for inclusion in the Company's annual proxy statement, in accordance with applicable law, regulation and listing standards.

The Committee's policies and procedures should remain flexible to react to changing conditions to ensure to the Board and the stockholders that the corporate accounting and reporting practices of the Company are in accordance with all applicable requirements and standards and are of the highest quality.

In carrying out its responsibilities, the Committee shall:

General

- 1 Discuss with management and the independent auditors significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their effect on the financial statements.
- 1 Inquire of management, other internal staff, the internal auditor and/or the independent auditor about significant financial risks or exposures, the Company's processes and policies for risk assessment and the steps management has taken to minimize such risks to the Company.
- 1 Meet periodically with management, and at least quarterly with the internal auditor and the independent auditor, in separate executive sessions.
- 1 Obtain at the Company's expense and without further authorization, at such times and on such terms as the Committee determines appropriate, advice and assistance for the Committee from outside legal, accounting and other advisors and administrative support that is necessary or appropriate in carrying out the Committee's duties.

Internal Control

- 1 Evaluate whether management (i) is setting the appropriate tone for all employees by communicating the importance of internal control and (ii) is taking appropriate steps designed to ensure that employees possess an appropriate understanding of their roles and responsibilities with respect to internal control.
- 1 Review with management and the independent auditors management's annual internal control report, including any attestation of it by the independent auditors. Management and the internal auditor shall report periodically to the Committee regarding any significant deficiencies in the design or operation of the Company's internal controls, material weaknesses in internal controls and any fraud (regardless of materiality) involving management or other persons having a significant role in the internal controls, as well as any significant changes in internal controls implemented by management during the most recent reporting period of the Company.
- 1 Discuss with the independent auditors and legal counsel instances of fraud, illegal acts, deficiencies in internal control, and related matters that have come to their attention.
- 1 Gain an understanding of whether internal control recommendations made by internal and independent auditors have been implemented by management.

Financial Statements

- 1 Review with the Chief Executive Officer and the Chief Financial Officer the Company's disclosure controls and procedures and review periodically, but in no event less frequently than quarterly, management's conclusions about the efficacy of such disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures.
- 1 Review with management, and obtain explanations as to whether:
 - a. actual financial results vary significantly from budgeted or projected results;
 - b. changes in financial ratios and relationships are consistent with changes in the operations and financing practices;
 - c. there are any significant or unusual events or transactions; and

- d. the Company has complied with the terms of loan agreements or security indentures.
- l Review with management and the independent auditor (and where appropriate the internal auditor) at the completion of the annual and, where applicable, each quarterly examination:
 - a. the Company's annual audited and quarterly financial statements, and in the case of quarterly financial statements, the results of the independent auditor's reviews of the quarterly financial statements;
 - b. analyses prepared by management and/or the independent auditor setting forth the significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
 - c. their assessments of the adequacy of the Company's internal control structure and procedures of the Company for financial reporting and the resolution of any identified material weaknesses in such internal control structure and procedures;
 - d. the effect of regulatory and accounting initiatives on the financial statements of the Company;
 - e. significant changes required in the independent auditor's audit plan;
 - f. changes in accounting methods, off-balance sheet transactions and related party transactions;
 - g. material correcting adjustments that have been identified by the independent auditor in accordance with generally accepted accounting principles and applicable laws, rules and regulations, and management's handling of them; and
 - h. other matters related to the conduct of the audit that is required to be communicated to the Committee under generally accepted auditing standards, including under Auditing Standards No. 16.
 - i. Consider judgmental areas such as those involving valuation of assets and liabilities, including, but not limited to, the accounting for and disclosure of obsolete or slow-moving inventory, litigation reserves, and other commitments or contingencies.
- l Review with the independent auditor any audit problems or difficulties the auditor encountered in the course of the audit work, including (i) any restrictions on the scope of the independent auditor's activities or on access to requested information and (ii) any significant disagreements with management. The Committee shall have the lead responsibility for resolving any disagreements between management and the independent auditor.
- l Consider the independent auditor's reports and judgments brought to the attention of the Committee about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting, significant accounting policies, audit conclusions regarding the reasonableness of significant accounting estimates and any audit adjustments
- l Review and consider information received from the independent auditor regarding all critical accounting policies and practices to be used by the Company, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, ramifications of the use of such alternative disclosures and treatments, the treatment preferred by the independent auditor, and other material written communications from the independent auditor, including any internal control letter or schedule of unadjusted differences and any communications between the audit team and the independent auditor's national office respecting auditing or accounting issues presented by the engagement.

Independent Auditors

- l Approve the (i) retention and termination of the independent auditor, who shall report directly to the Committee, and (ii) all fees and terms for the audit engagement and any other permissible non-audit services, after giving consideration to their effect on the independence of the independent auditors.
- l Approve in advance, in accordance with the pre-approval policy approved by the Committee or the Board, the provision by the independent auditor of all services to be performed by the independent auditor, including permissible non-audit services

- 1 Review with the independent auditor their plans for, and the scope of, their audit and other examinations of the Company's financial information and the audit procedures to be utilized.
- 1 Review the performance of the Company's independent auditors annually.
- 1 Take appropriate action to oversee the independence of the independent auditor, including:
 - a. reviewing the experience and qualifications of the senior members of the independent auditor team; evaluating the qualifications, performance and independence of the independent auditor, including the review and evaluation of the lead partner of the independent auditor, and whether the auditor's quality controls are adequate and the provision of non audit services is in compliance with applicable law and compatible with maintaining the auditor's independence, taking into account the opinions of management and the internal auditor; and presenting its conclusions to the full Board;
 - b. periodically reviewing any transactional or other relationships between the Company and the independent auditor;
 - c. ensuring its receipt at least annually from the independent auditor, and reviewing, a formal report from the independent auditor as required by the SEC, the New York Stock Exchange, the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board or other relevant organization regarding the auditors' independence and delineating (i) the independent auditor's internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control reviews, or by peer reviews, of the independent auditor, or by any inquiry or investigation by any governmental or professional authorities, within the preceding five years, respecting any one or more audits conducted by the independent auditor, and any steps taken to deal with any such issues, and (iii) all relationships between the independent auditor and the Company;
 - d. actively engaging in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor;
 - e. taking appropriate action or recommending to the Board such appropriate action, as necessary, on any disclosed relationships to satisfy itself of the independent auditor's independence, establishing a policy for the retention by the Company of employees or former employees of the independent auditor, or reviewing each instance on a case-by-case basis; and
 - f. consider other factors relating to the independence of the independent auditor, including but not limited to (i) rotation of independent auditor or outside audit personnel and (ii) the performance of services by an outside audit firm when a former employee of that firm currently serves as chief executive officer, chief financial officer, chief accounting officer or equivalent officer of the Company.

Internal Audit

- 1 Review the internal audit department of the Company, including the independence and authority of its reporting obligations, the proposed audit plans for the coming year, and the coordination of such plans with the independent auditor.
- 1 Review the qualifications of the internal audit function and concur in the appointment, replacement, reassignment or dismissal of the director of internal audit.
- 1 Receive, as necessary, notification of material adverse findings from internal audits and a progress report on the proposed internal audit plan, as appropriate, with explanations for changes from the original plan.
- 1 Review periodically with the independent auditor, the budget, staffing and responsibilities of the internal audit function.

Review of Periodic SEC Filings

- 1 Review with management and the independent auditors the financial information to be included in the Company's Annual Report on Form 10-K and the Company's Quarterly Reports on Form 10-Q, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A"), their judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the financial statements, MD&A, selected financial data and market risk and the adequacy

of internal controls.

- 1 Make a determination whether to recommend to the Board of Directors that the audited financial statements be included in the Company's Form 10-K.

Compliance

- 1 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) on any fraudulent acts or accounting irregularities.
- 1 Review compliance with the Company's Code of Ethics and Business Conduct annually. The Committee shall review with the Company's counsel legal and regulatory matters brought to the attention of the Committee that may have a material impact on the financial statements or compliance policies. The Committee shall respond appropriately to any matters reported to the Committee by counsel, including recommending to the Board any appropriate remedial measures or sanctions.
- 1 Establish and review the procedures in the Code of Ethics and Business Conduct for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Committee shall review periodically with management and the internal auditors these procedures and any complaints received.

Ongoing and Other Responsibilities

- 1 Prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement.
- 1 Report regularly to the full Board and review 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 independent auditor, or the performance of the internal audit function.
- 1 Evaluate annually the performance of the Committee.
- 1 Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
- 1 Obtain information it deems appropriate, through discussion with management and from written reports, and make recommendations to the Board, if the Committee determines such action is appropriate, on the following:
 - a. the legal environment, including the status of any pending lawsuits or administrative proceedings that would have a significant effect on the Company's financial statements and related accruals;
 - b. the effect new tax laws and other regulations may have on the Company.
- 1 Ensure that significant findings and recommendations made by the internal and independent auditors are received and discussed on a timely basis.
- 1 Discuss with management the Company's policies and procedures to prevent unauthorized use of Company funds, property, or authorization.
- 1 Review any questionable payments or transactions and any significant conflicts of interest that may arise.
- 1 Review Company "transactions with related persons" (as defined under SEC rules) consistent with the Company's policies and procedures thereon and periodically review such policies and procedures.
- 1 Review this Charter at least annually and recommend updates to this Charter to the Board to the extent the Committee determines it to be necessary or advisable.
- 1 Perform such other functions as may be required by applicable laws, rules and regulations and the Company's Articles of Incorporation or Bylaws, or by the Board.
- 1 Discuss, in advance, the Company's earnings releases and instances in which the Company may provide earnings

guidance or financial information to analysts or rating agencies.

Limitation of Audit Committee's Role

The independent auditor and the internal audit department are ultimately accountable to the Committee, in its capacity as a committee of the Board, and to the full Board. While the Committee has the oversight, supervisory and other powers and responsibilities set forth in this Charter, it is not the responsibility of the Committee to plan or conduct audits, to implement internal controls, or to determine or certify that the Company's financial statements are complete and accurate or are in compliance with generally accepted accounting principles. These matters and tasks are the responsibility of the Company's management and internal auditor and the independent auditor. Likewise, it is the responsibility of the Company's management, the internal auditor and/or the independent auditor to bring appropriate matters to the attention of the Committee, and to keep the Committee informed of matters that the Company's management, the internal auditor or the independent auditor believes require attention, guidance, resolution or other actions, the bases therefore and other relevant considerations. While it is not the duty of the Committee to conduct investigations or to assure compliance with applicable laws, rules and regulations, the Committee may take such actions with respect to such matters as it deems necessary or advisable in fulfilling its duties identified above.

To the fullest extent permissible under applicable law, each member of the Committee is entitled to rely in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Committee by any of the Company's officers, employees, or committees, the independent auditor, the internal audit department or any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

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