

## **GOODMAN GLOBAL, INC.**

### **AUDIT COMMITTEE CHARTER**

The Board of Directors (the “Board”) of Goodman Global, Inc., a Delaware corporation (the “Company”), has adopted this charter for the Audit Committee of the Board (the “Committee”) effective upon completion of the initial public offering of the Company’s Common Stock. This charter supersedes all prior charters in connection with any previously existing audit committee of the Company.

#### **A. Purposes**

The purpose of the Committee is to assist the Board with its oversight and monitoring responsibilities regarding: (i) the integrity of the Company’s consolidated financial statements; (ii) the Company’s compliance with legal and regulatory requirements; (iii) the independent auditor’s qualifications, independence and performance; and (iv) the performance of the Company’s internal accounting and financial controls and the function of the internal audit department. The Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the “SEC”) to be included in the Company’s annual proxy statement that states, among other things, that the Committee has reviewed and discussed the audited financial statements with management, discussed certain matters with the auditors, and recommended that the Board include the audited consolidated financial statements in the Company’s annual report.

In so doing, the Committee shall endeavor to maintain free and open means of communication between the members of the Committee, other members of the Board, the independent auditor and the financial management of the Company. Moreover, the Committee shall be directly responsible for the appointment, compensation, retention, evaluation and oversight of the work of any independent auditor employed by the Company (including resolution of any disagreement between management of the Company and the independent auditor regarding financial reporting and pre-approval of all non-audit services) for the purpose of preparing or issuing an audit report or related work, and the independent auditor shall report directly to the Committee.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s By-laws, as may be amended. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval (including any decision to consult with independent counsel or other advisors), and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

Notwithstanding the foregoing, the Committee's responsibilities are limited to oversight. Management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements as well as the Company's financial reporting process, accounting policies, internal audit function, internal accounting controls and disclosure controls and procedures. The independent auditor is responsible for performing an audit of the Company's annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles ("GAAP") and reviewing the Company's quarterly financial statements. It is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosure are complete and accurate and in accordance with GAAP and applicable laws, rules and regulations. Each member of the Committee shall be entitled to rely on the integrity of those persons within the Company and of the professionals and experts (including the Company's internal auditor (or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services) and the Company's independent auditor) from which the Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts.

Further, auditing literature, particularly Statement of Accounting Standards No. 100, defines the term "review" to include a particular set of required procedures to be undertaken by independent auditors. The members of the Committee are not independent auditors, and the term "review" as used in this Charter is not intended to have that meaning and should not be interpreted to suggest that the Committee members can or should follow the procedures required of auditors performing reviews of financial statements.

## **B. Composition**

As of April 6, 2006, the Committee shall consist of at least three (3) members of the Board. The members, including the Chair of the Committee, shall be appointed by action of the Board, on the recommendation of the Corporate Governance and Nominating Committee of the Board, and shall serve at the discretion of the Board. As of April 6, 2006, at least one (1) Committee member shall satisfy the independence requirements of the New York Stock Exchange and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); as of July 3, 2006, a majority of the Committee members shall satisfy such independence requirements; and as of April 6, 2007, each Committee member shall satisfy such independence requirements.

The Board shall appoint the members of the Committee. The chairperson of the Committee shall be designated by the Board or, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee. The Board may remove or replace any member of the Committee at any time by the affirmative vote of the majority of the Board.

Each Committee member shall be financially literate as determined by the Board in its business judgment or must become financially literate within a reasonable time after his or her appointment to the Committee. Members of the Committee are not required to be engaged in the accounting and auditing profession and, consequently, some members may not be expert in financial matters, or in matters involving auditing or accounting. However, at least one member

of the Committee shall have accounting or related financial management expertise as determined by the Board in its business judgment. In addition, at least one Committee member shall be, as determined by the Board in its business judgment, an “audit committee financial expert” within the definition adopted by the SEC or the Company shall disclose in its periodic reports required pursuant to the Exchange Act the reasons why at least one member of the Committee is not an “audit committee financial expert.”

No member of the Committee shall simultaneously serve on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and such determination is disclosed in the Company’s annual proxy statement. Furthermore, no member of the Committee shall receive any compensation from the Company other than (i) director’s fees for services as a director of the Company, including reasonable compensation for service on the Committee; and (ii) a pension or similar deferred compensation from the Company for prior service, *provided* that such compensation is not contingent on continued or future service to the Company. Without limiting the generality of the foregoing, no member of the Committee, and no member’s firm, may receive any direct or indirect compensation from the Company for services as a consultant or legal or financial advisor.

### **C. Committee Authority and Responsibilities**

The Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Committee. The Committee shall have the sole authority to appoint, retain and terminate the Company’s independent accountants. The Committee shall be directly responsible for the compensation, oversight and evaluation of the work of the independent accountants (including resolution of disagreements between management and the independent accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent accountants shall report directly to the Committee. The Committee may consult with management in the performance of these duties but shall not delegate these duties to management.

The Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the terms thereof) to be performed for the Company by its independent accountants, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit. The 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 the decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors without the approval of management or the Board. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent accountants for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company, for any advisers as the Committee determines necessary to carry out its duties and for

ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Without limiting the generality of the preceding statement, the Committee shall:

### **Financial Statement and Disclosure Matters**

1. Review and discuss with management and the independent accountants the Company's annual audited financial statements prior to the filing of its Form 10-K, including disclosures made under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-K, and recommend to the Board whether the audited financial statements should be included in the Form 10-K.

2. Review and discuss with management and the independent accountants the Company's quarterly financial statements prior to the filing of its Form 10-Q, including disclosures made under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-Q and the results of the independent accountants' review of the quarterly financial statements.

3. Discuss with management and the independent accountants significant 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.

4. Review and discuss with management and the independent accountants any major issues regarding the adequacy of the Company's internal controls, any special audit steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.

5. Review and discuss with management and the independent accountants the Company's internal controls report and the independent accountant's attestation of the report prior to the filing of the Company's Form 10-K.

6. Review and discuss regular reports from the independent accountants on:

- all critical accounting policies and practices to be used;
- all alternative treatments of financial information within GAAP that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent accountants;
- any accounting adjustments that were noted or proposed by the independent accountants but were "passed" as immaterial or otherwise; and
- other material written communications between the independent accountants and management, such as any management letter or schedule of unadjusted differences.

7. Discuss with management the Company's earnings press release and the type and presentation of any financial information and earnings guidance to be provided to analysts, rating agencies or others.

8. Discuss with management and the independent accountants the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

9. 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.

10. Discuss with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any problems or difficulties encountered in the course of the audit work and management's response, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

11. Review disclosures made to the Committee by the Company's chief executive officer and chief financial officer during their certification process for the Form 10-K and 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 Accountants**

12. Review and evaluate the lead partner of the independent accountant's team.

13. Obtain and review a report from the independent accountants at least annually regarding (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 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 accountants and the Company. Based on this report and the independent auditor's work throughout the year, evaluate the qualifications, performance and independence of the independent accountants, including considering whether the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and the internal auditing department (or outside auditor performing the function of an internal auditing department). The Committee shall present its conclusions with respect to the independent accountants to the Board.

14. Ensure the rotation of the audit partners as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent accounting firm on a regular basis.

15. Set clear policies for the Company's hiring of employees or former employees of the independent accountants.

16. Discuss with the independent accountants any communications between the audit team and the national office of the independent accountant with respect to auditing or accounting issues presented by the engagement.

17. Meet with the independent accountants prior to the audit to discuss the planning and staffing of the audit, and to review the engagement fees and terms.

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

18. Review any decision by management to appoint or replace the senior internal auditing executive or, if a decision is made to outsource this function, review management's selection and engagement of an outside auditor (other than the Company's independent accountants) to perform the function of an internal auditing department. The senior internal auditing executive (or any outside auditor performing the function of an internal auditing department) shall report directly to management and the Committee. Despite this delegation of authority to management, the senior internal auditing executive (or any outside auditor performing the function of an internal auditing department) shall have full and direct access to the Committee.

19. Review the regular reports to management prepared by the internal auditing department (or any outside auditor performing the function of an internal auditing department) and management responses thereto.

20. Discuss with the independent accountants and management the responsibilities, budget and staffing of the internal auditing department (or any outside auditor performing the function of an internal auditing department), and any recommended changes in the planned scope of the internal audit.

### **Compliance Oversight Responsibilities**

21. Obtain from the independent accountants assurance that Section 10A(b) of the Exchange Act has not been implicated.

22. Obtain and review any reports from management, the Company's senior internal auditing executive (or any outside auditor performing the function of an internal auditing department) or the independent accountants that the Company or its subsidiaries are in material violation of applicable laws and regulations, the Company's Code of Business Conduct and Ethics and the Company's other codes, policies and procedures relating to compliance with applicable laws and regulations. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics and the Company's other codes, policies and procedures relating to compliance with applicable laws and regulations.

23. Discuss with management and the independent accountants any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.

24. Discuss with the Company's internal or outside legal counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.

#### **Other Matters**

25. Review the adequacy of this Charter each year and recommend any proposed changes to the Board for approval.

26. Review and evaluate its own performance each year and submit itself to the review and evaluation of the Board.

27. Perform any other activities consistent with this Charter, the Company's Certificate of Incorporation and By-laws (each as may be amended) and governing law as the Committee or the Board deems necessary or appropriate.

28. Establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, as well as for the confidential and anonymous submission by employees of the Company of concerns and information regarding questionable accounting or auditing matters.

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

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 and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent accountants.

#### **E. Committee Procedures**

**Meetings.** The Committee shall meet at the call of its chairperson or two or more members of the Committee. The Committee shall meet as often as it determines, but not less frequently than quarterly. In order to foster open communication, the Committee shall meet periodically with management, the internal auditing department (or any outside auditor performing the function of an internal auditing department) and the independent accountants in separate executive sessions. The Committee may request any officer or employee of the Company or the Company's outside counsel or the internal auditing department (or any outside auditor performing the function of an internal auditing department) to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. At the Committee's discretion, all Directors are invited to attend Committee meetings, but are not permitted to vote. The Committee may meet in person, by telephone conference call, or in any other manner in which the Board is permitted to meet under law or the Company's By-laws.

**Quorum and Approval.** A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Committee may also act by unanimous written consent in lieu of a meeting.

**Rules.** The Committee may determine additional rules and procedures, including designation of a secretary of the Committee or any meeting thereof.

**Reports.** The Committee shall make regular reports of its actions and any recommendations to the Board, directly or through the chairperson.

**Minutes.** The Committee shall keep minutes of all meetings and of all actions taken by the Committee, file such minutes with the Secretary of the Company and provide a copy of such minutes to the Board.

**Fees; Reimbursement of Expenses.** Each member of the Committee shall be paid the fees, if any, set by the Board for his or her services as a member or chairperson of the Committee.

**Website.** This Charter shall be made available on the Company's website at [www.goodmanglobal.com](http://www.goodmanglobal.com) and to any stockholder who otherwise requests a copy.