

**QUIXOTE CORPORATION  
AUDIT COMMITTEE CHARTER  
AMENDED AND RESTATED  
MAY 11, 2004**

**Mission Statement**

The Audit Committee (the "Committee") of the Board of Directors (the "Board") of Quixote Corporation (the "Company") shall assist the Board in fulfilling its responsibility for objective oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company and such other duties as directed by the Board. The Committee will also review the Company's financial reporting process and system of internal controls.

**Organization**

- Members shall be eligible under the requirements of the Securities and Exchange Commission ("SEC") and the Nasdaq Stock Market, Inc. ("Nasdaq").
- The Committee shall consist of a minimum of three independent members of the Board.
  - The Committee members shall not accept any consulting, advisory or compensatory fee from the Company or any subsidiary other than in the member's capacity as a member of the Board or of any Board committee.
  - The Committee members shall not be affiliated persons of either the Company or any subsidiary, apart from their capacity as members of the Board or any Board committee.
- Each member shall be free of any relationship that, in the opinion of the Board, would interfere with his individual exercise of independent judgment.
- At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which results in the individual's financial sophistication.
- Each Committee member shall be financially literate, and the Board shall determine, in its business judgment, whether a member is financially literate.
- One member of the Committee shall be elected Chairman by majority vote of the Committee.
- The Committee shall meet at the Committee's discretion although no less frequently than four times per year. The Committee shall also meet at the request of the Board, senior management or the independent accountant that audits the Company's financial statements (the "Auditors").

**Duties and Responsibilities**

The Committee's primary responsibilities shall include:

- Select and retain the Auditors. The Committee has sole authority to appoint, evaluate, compensate, retain and oversee the Auditors. The Auditors shall report to the Committee. The Committee shall have ultimate authority to approve all audit fees and terms of engagement. The Committee will provide the Auditors full access to the Committee (and the Board, as necessary) to report on any and all required and appropriate matters.
- Receive from the Auditors a formal written statement delineating all relationships between the Auditors and the Company, consistent with Independence Standards Board Standard 1. The Committee shall engage actively in a dialogue with the Auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditors and shall take appropriate action to oversee the independence of the Auditors. In connection with the Committee's evaluation of the Auditors' independence, the Committee shall also review and evaluate the lead partner of the Auditors and take such steps as may be required by law with respect to the regular rotation of the lead audit partner and the reviewing audit partner of the Auditors.
- Ensure the Company is in compliance with applicable legislation and regulations relating to hiring of employees or former employees of the Auditors.
- At least annually, review Auditors' quality control procedures as required by applicable legislation and regulations.
- Annually review with the Auditors its plans for, and the scope of, its annual audit and other examinations which shall include coordination of the audit with the Manager of Internal Audit ("Internal Auditor"), and approve in advance all audit services provided by the Auditors.
- Discuss with the Auditors the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, as well as any audit problems or difficulties and management's response, including (a) any restriction on audit scope or on access to requested information, (b) any disagreements with management and (c) significant issues discussed with the Auditors' national office. Unresolved disagreements between management and the Auditors regarding financial reporting shall be decided by the Committee.
- Review with appropriate officers of the Company and the Auditors the annual and quarterly financial statements of the Company included in reports to be filed with the SEC, including (a) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and (b) the disclosures regarding internal controls,

certifications and other matters required to be reported to the Committee by the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder.

- Review with the Auditors (a) the report of their annual audit, or proposed report of their annual audit, (b) the accompanying management letter, if any, (c) the reports of their reviews of the Company's interim financial statements conducted in accordance with Statement on Auditing Standards No. 71, and (d) the reports of the results of such other examinations outside of the course of the Auditors' normal audit procedures that the Auditors may from time to time undertake. The foregoing shall include:
  - A review of the reports required by the Sarbanes-Oxley Act of 2002.
  - A review of major issues regarding (i) accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and (ii) the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
  - A review of analyses prepared by management and/or the independent auditors 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 GAAP methods on the financial statements.
  - A review of the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- Recommend to the Board that the Company's annual audited financial statements be included in Company's annual filing with the SEC.
- Review with the senior and accounting officers any recommendations made by the Auditors, as well as such other matters, if any, as such persons or other officers of the Company may desire to bring to the attention of the Committee.
- Review with the Auditors, the Internal Auditor, the senior and accounting officers, the General Counsel and, if and to the extent deemed appropriate by the Chairman of the Committee, members of their respective staffs, the adequacy and effectiveness of the Company's internal accounting controls, including information technology security and control, the Company's financial, auditing and accounting organizations and personnel, and the Company's policies and compliance procedures with respect to business practices. The foregoing shall include a review of the scope of the Auditors' and the Internal Auditor's review of internal controls over financial reporting and, as appropriate, obtaining reports on significant findings and recommendations, together with management's responses.

- Review with management and the Internal Auditor the plans, activities, staffing and organizational structure of the internal audit function; ensure there are no unjustified restrictions or limitations; and review and concur in the appointment, replacement or dismissal of the Internal Auditor; and review the effectiveness of the internal audit function.
- Meet with the Auditors, the Internal Auditor and senior management separately to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.
- Periodically obtain reports from senior management, the General Counsel, the Internal Auditor and the Auditors regarding legal, tax and regulatory compliance matters with particular focus toward matters that could have a significant impact on the Company's financial statements.
- Discuss policies with respect to risk assessment and risk management to assess and manage the Company's exposure to risk. The Committee should discuss the Company's major financial risk exposures and the steps management has taken to monitor and control these exposures.
- Review and approve actual or perceived conflicts of interest resulting from related party transactions .
- Submit the Committee's report that addresses the appropriate SEC and Nasdaq requirements, which is suitable for inclusion in the Company's annual proxy statement.
- Establish procedures for: (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential anonymous submission by employees of the Company or subsidiaries of concerns regarding questionable accounting or auditing matters as required by Section 301 of the Sarbanes-Oxley Act of 2002.
- Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any complaints or concerns regarding the Company's financial statements or accounting policies.
- Approve, in advance, the provision by the Auditor of all services that are not related to the audit.
- Report on the Committee's activities to the Board.
- Retain independent outside counsel, accountants or other experts as the Committee deems necessary.

### **Resources and Authority**

The Committee shall have appropriate resources and authority to discharge its responsibilities, including, without limitation, appropriate funding, in such amounts as the Committee deems necessary, to compensate the Auditors, and any independent advisors retained by the Committee. The Committee will have the sole authority to retain and terminate such advisors. The Committee may also retain independent counsel and other independent advisors to assist it in carrying out its responsibilities and may seek any information it requires from employees—all of whom shall be directed to cooperate with the Committee's requests. The Committee shall have the authority to institute and oversee special investigations.

### **Annual Review**

At least annually, the Committee will (a) review this Charter with the Board and recommend any changes to the Board and (b) evaluate its own performance against the requirements of this Charter and report the results of this evaluation to the Board. The evaluation will include establishment of the goals and objectives of the Committee for the upcoming year. The Committee will conduct its review and evaluation in such manner as it deems appropriate.

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