



Adopted: 2/20/04

A.G. EDWARDS, INC. AUDIT COMMITTEE CHARTER

Purpose

The Audit Committee is appointed by and reports to the Board of Directors (the “Board”) with the responsibilities to assist the Board in fulfilling its oversight responsibilities for:

- 1) The integrity of A.G. Edwards’ financial statements;
- 2) The compliance by A.G. Edwards with legal and regulatory requirements;
- 3) The independent auditor’s qualifications and independence; and
- 4) The performance of A.G. Edwards’ Internal Audit function and independent auditors.

The Audit Committee also will prepare the report required by the rules of the Securities and Exchange Commission to be included in A.G. Edwards’ annual proxy statement.

Membership

The Audit Committee shall consist of no fewer than three directors, all of whom shall be determined by the Board to be independent under the criteria of the New York Stock Exchange listing standards and any other applicable requirements. The members of the Audit Committee shall be appointed and removed by the Board. Each Committee member will be financially literate as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after appointment. At least one Committee member shall have accounting or related financial management expertise as such qualification is interpreted by the Board in its business judgment.

Duties and Responsibilities

In keeping with its Purpose, the Audit Committee shall have the following duties and responsibilities:

Financial Statements

1. The Audit Committee shall discuss the annual audited financial statements and quarterly financial statements with management and the independent auditors, including A.G. Edwards' disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
2. The Audit Committee shall review major issues regarding accounting principles and financial statement presentations, including any significant changes in A.G. Edwards' selection or application of accounting principles.
3. The Audit Committee shall review major issues as to the adequacy of A.G. Edwards' internal controls and any special audit steps adopted in light of material control deficiencies.
4. The Audit Committee shall review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of A.G. Edwards.
5. The Audit Committee shall 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 GAAP methods on the financial statements.
6. The Audit Committee shall review and discuss earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies with management. These discussions may be general (i.e., the types of information to be disclosed and the type of presentations to be made). The Audit Committee does not need to discuss each earnings release or each instance in which A.G. Edwards may provide earnings guidance in advance.
7. The Audit Committee shall review with the independent auditors any difficulties encountered in the course of the audit work, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management. The Audit Committee should review with the independent auditor:
 - a. Any accounting adjustments that were noted or proposed by the auditor, but were "passed" (as immaterial or otherwise);
 - b. Any communications between the audit team and the audit firm's national office regarding auditing or accounting issues presented by the engagement;
 - c. Any "management" or "internal control" letter issued, or proposed to be issued by the audit team to A.G. Edwards; and
 - d. The responsibilities and staffing of A.G. Edwards' internal audit function.

Internal Control

1. The Audit Committee shall consider the effectiveness of A.G. Edwards' internal control system, as measured by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission *Internal Control – Integrated Framework*, including information technology security and control.
2. The Audit Committee shall understand the scope of the internal audit and independent auditors' review of internal controls, and obtain reports on significant comments and recommendations, together with management's responses.
3. The Audit Committee shall review disclosures, if any, made by the CEO and CFO during the Forms 10-K and 10-Q certification process about significant deficiencies in the design or operation of internal controls over financial reporting and disclosure controls, or any fraud that involves management or other employees who have a significant role in A.G. Edwards' internal controls over financial reporting.

Internal Audit

1. The Audit Committee shall review and approve the Internal Audit Department Charter.
2. The Audit Committee shall review and approve the appointment, replacement, or dismissal of the Manager of Internal Audit.
3. The Audit Committee shall review the performance of the Manager of Internal Audit, and approve the manager's annual compensation and salary adjustment.
4. The Audit Committee shall review with management and the Manager of Internal Audit, and approve the Internal Audit risk assessments and related audit plans.
5. The Audit Committee shall review with management and the Manager of Internal Audit the activities, staffing, and organizational structure of the Internal Audit function.
6. The Audit Committee shall ensure there are no unjustified restrictions or limitations that impede the ability of the Internal Audit function to execute its responsibilities.
7. The Audit Committee shall review and approve any changes required to the planned scope of the Internal Audit plan.
8. The Audit Committee shall review the effectiveness of the Internal Audit function, including compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.
9. The Audit Committee shall, on a regular basis, meet separately with the Manager of Internal Audit to discuss any matters that the Committee or Internal Audit believes should be discussed privately.

Independent Audit

1. The Audit Committee shall, at least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; 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, and any steps taken to deal with any such issues; and in order to assess the auditor's independence, all relationships between the independent auditor and A.G. Edwards.
2. The Audit Committee shall evaluate the qualifications, performance and independence of the independent auditors, and exercise final approval on the appointment or discharge of the auditors. In performing this evaluation, the Audit Committee will:
 - a. Review the annual report above and the independent auditor's work throughout the year.
 - b. Review and evaluate the lead partner of the independent auditor.
 - c. Take into account the opinions of management and Internal Audit.
 - d. Ensure the rotation of the lead audit partner every five years and other audit partners every seven years.
 - e. Consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm itself.
 - f. Present its conclusions with respect to the independent auditor to the full Board.
3. The Audit Committee shall set clear hiring policies for employees or former employees of the independent auditors.
4. The Audit Committee shall review the independent auditors' proposed audit scope and approach, including coordination of audit effort with Internal Audit.
5. The Audit Committee shall discuss with the independent auditor the matters required to be discussed by the applicable "Interim Professional Auditing Standards" established by the Public Company Accounting Oversight Board.
6. The Audit Committee shall, on a regular basis, meet separately with the independent auditors to discuss any matters the Audit Committee or auditors believe should be discussed privately.

Compliance

1. The Audit Committee shall review the processes in place to establish and maintain policies and procedures that will ensure compliance with laws and regulations, and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
2. The Audit Committee shall establish procedures for: (i) the receipt, retention, and treatment of complaints received by A.G. Edwards regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of A.G. Edwards of concerns regarding questionable accounting or auditing matters.
3. The Audit Committee shall review the findings of any examinations by regulatory agencies, and any auditor observations.
4. The Audit Committee shall review the process for communicating the Code of Ethics for Financial Officers and the Code of Ethical Conduct to appropriate A.G. Edwards personnel, and for monitoring compliance therewith.
5. The Audit Committee shall obtain regular updates from management and A.G. Edwards legal counsel regarding legal and compliance matters.

Reporting Responsibilities

1. The Audit Committee shall regularly report to the Board about Committee activities and issues that arise with respect to the quality or integrity of A.G. Edwards' financial statements, A.G. Edwards' compliance with legal or regulatory requirements, the performance and independence of A.G. Edwards' independent auditors, and the performance of the Internal Audit function.
2. The Audit Committee shall provide an open avenue of communication between Internal Audit, the independent auditors, and the Board.
3. The Audit Committee shall report annually to the shareholders, describing the committee's composition, duties and responsibilities and how they were discharged, and any other information required by applicable Securities and Exchange Commission rules, including approval of non-audit services.
4. The Audit Committee shall review any other reports A.G. Edwards issues that relate to Audit Committee responsibilities.

Other Responsibilities

1. The Audit Committee shall discuss guidelines and policies to govern the process by which risk assessment and risk management are undertaken by management of A.G. Edwards and shall discuss A.G. Edwards' major financial risk exposures and the steps management has taken to monitor and control such exposures.
2. The Audit Committee shall, on a regular basis, meet separately with the Chief Financial Officer to discuss any matters that the committee or management believes should be discussed privately.
3. The Audit Committee shall perform other activities related to this charter as requested by the Board.
4. The Audit Committee shall institute and oversee special investigations into matters within the Committee's scope of responsibilities, as needed.
5. The Audit Committee shall conduct an annual self-evaluation of its performance, including a review of its adherence to this Charter and recommend to the Board any proposed changes to this Charter as deemed necessary.

Authority

In fulfilling its duties and responsibilities, the Audit Committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility and thus is empowered to:

1. Appoint, compensate, retain, and oversee the work of any registered public accounting firm or independent auditor engaged for the purpose of preparing or issuing an audit report or performing any other audit, review or attest services for A.G. Edwards. Each such independent auditor will report directly to the Audit Committee.
2. Resolve any disagreements between management and the independent auditor regarding financial reporting.
3. Pre-approve all audit and permitted non-audit services performed by A.G. Edwards' independent auditor.
4. Retain independent counsel, accountants, and other advisers, as it determines necessary to carry out its duties.
5. Seek any information it requires from employees, contractors or consultants, all of whom are directed to cooperate with the Committee's requests.
6. Meet with A.G. Edwards' officers, independent auditors, or outside counsel, as necessary.

The Audit Committee may delegate duties and responsibilities to subcommittees or individual members, including the authority to pre-approve all audit and permitted non-audit services, providing that such decisions are presented to the full Committee at its next scheduled meeting.

Funding

The Audit Committee shall have such funding, as it deems necessary or proper to pay the independent auditor, advisers retained by the Audit Committee, and administrative expenses incurred in carrying out its duties.

Meetings

The Audit Committee shall meet at least four times each fiscal year and may hold additional meetings, as it deems necessary to fulfill its duties and responsibilities. A majority of Audit Committee members present at each meeting shall constitute a quorum.

The Chair of the Audit Committee shall preside at all Committee meetings at which he or she is present and shall set the agenda for such meetings. Any Board director is free to suggest items for inclusion in the agendas for Audit Committee meetings.

The Audit Committee may invite members of management, auditors or others to attend meetings and provide pertinent information as necessary and will meet separately with management, with internal auditors, with the independent auditors and in executive session, as the Committee shall determine.