

## AUDIT COMMITTEE CHARTER

### Organization

1. The Audit Committee is a committee of the Board of Directors. The members and chair of the committee will be elected by the full Board and will serve at the pleasure of the Board. The Audit Committee must have a minimum of three members.
2. All members of the committee must meet the independence requirements for audit committee members under the listing standards of the New York Stock Exchange and Securities and Exchange Commission Rule 10A-3. Each member of the committee must be financially literate and at least one member of the committee must have accounting or related financial management expertise, as the Board interprets such qualifications in its business judgment. If an audit committee member simultaneously serves on the audit committee of more than three public companies, the Board must determine that such simultaneous service would not impair his or her ability to serve on the audit committee and must disclose this determination in the annual proxy statement.
3. The committee may delegate any of its functions to a subcommittee.
4. The committee will regularly report on actions taken by it to the full Board.
5. The committee is authorized to obtain advice and assistance as it believes necessary from corporate personnel and to engage independent counsel and other advisers, as it determines necessary to carry out its duties.
6. The committee will maintain, with the assistance of management and the internal audit director, a calendar incorporating regular reporting items it requires from independent auditor, the internal audit function and management during the year.
7. The corporation will provide for adequate funding, as determined by the Audit Committee, in its capacity as a committee of the Board of Directors, for payment of (i) compensation of the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the corporation, (ii) compensation of any advisers employed by the Audit Committee in accordance with paragraph 6 and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

### Purpose

The purpose of the committee will be to:

- Assist Board oversight of (i) the integrity of the corporation's financial statements, (ii) the corporation's compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence and (iv) the performance of the corporation's internal audit function and independent auditor; and

- Prepare the committee report to be included in the corporation's proxy statement in accordance with applicable rules and regulations.

### **Duties and Responsibilities**

The committee's duties and responsibilities will be to:

1. In its capacity as a committee of the Board of Directors, be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor. Each independent audit firm retained by the corporation for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the corporation will report directly to the committee.
2. Approve all audit engagement fees and terms and all non-audit engagements with the independent auditor.
3. On an annual basis, obtain and review a report by the independent auditor describing (i) all relationships the independent auditor has with the corporation, including any management consulting services and related fees provided to the auditor (so that the committee may assess the auditor's independence); (ii) the firm's internal quality-control procedures; and (iii) 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. In connection with its evaluation of the independent auditor, the committee should, in addition to assuring the regular rotation of the lead audit partner as required by law, consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm itself.
4. Review and approve the committee's report to be included in the proxy statement and the corporation's response to any comments of the Securities and Exchange Commission on the report.
5. Review and discuss with management and the independent auditor the corporation's annual and quarterly financial statements, including the corporation's critical accounting estimates underlying the financial statements and other disclosures discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operation"; the effect of regulatory and accounting initiatives and any off-balance sheet structures on the corporation's financial statements; and any certification, report, opinion or review rendered by the independent auditor.
6. Resolve any disagreements between management and the independent auditor regarding financial reporting.
7. Discuss with management the corporation's earnings press releases before their release. In addition, discuss the types of financial information and earnings guidance provided to analysts and rating agencies.

8. Periodically consult with the independent auditor, outside the presence of management, about internal controls and the quality of the corporation's financial statements. As part of this review, the committee will receive regular reports from the corporation's counsel on significant litigation in which the corporation is involved and the anticipated impact of such litigation.
9. Meet separately, at least quarterly, with management, the internal audit director and the independent auditor to review the integrity of the corporation's financial reporting processes, both internal and external.
10. Discuss with management significant risks or exposures that the corporation may have and the steps management has taken to monitor and control such risks or exposures.
11. Review and discuss with management and the independent auditor (i) major issues regarding accounting principles and financial statement presentation, including any significant changes in the corporation's selection or application of accounting principles or adoption of new accounting principles; (ii) major issues as to the adequacy of the corporation's internal controls and any special audit steps adopted in light of material control deficiencies; and (iii) 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 prepared by management and the independent auditor of the effects of applying alternative accounting principles on the financial statements.
12. Consider, in consultation with the independent auditor, the internal audit directors and the chief financial officer, the audit scope and plan of the independent auditor and the internal auditors. Review with the independent auditor, the internal audit director and the chief financial officer the coordination of the audit effort with respect to completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
13. Review with the independent auditor any audit problems or difficulties and management's response. This review must include any restrictions on the scope of the independent auditor's activities or on access to requested information and discussion of any disagreements with management. It should also include accounting adjustments proposed by the independent auditor but not adopted; communications between the audit team and the audit firm's national office with regard to auditing or accounting issues presented by the engagement; and any management or internal control letter issued or proposed to be issued by the independent auditor.
14. Receive any reports from the independent auditor under the provisions of Section 10A of the Securities Exchange Act of 1934 and review with management and recommend to the Board appropriate remedial action to be taken by the corporation.
15. Establish hiring policies with respect to employees or former employees of the independent auditor.

16. Discuss with the independent auditor the responsibilities, budget and staffing of the internal audit function.
17. Review the appointment and replacement of the internal audit director
18. Review significant reports to management prepared by the internal auditors and management's responses.
19. Receive periodic reports from management on legal and regulatory matters that may have a material impact on the corporation's financial statements.
20. Perform such other functions as may be assigned by the Board of Directors or as specified in policies adopted or approved by the Board of Directors.
21. Establish procedures for (i) the receipt, retention and treatment of complaints received by the corporation regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the corporation of concerns regarding questionable accounting or auditing matters. Receive reports regarding any violations of the corporation's code of business conduct relating to accounting, financial reporting or internal controls.
22. Evaluate the committee's own performance annually and report the results of the evaluation to the Board.
23. Review this charter at least annually and update as necessary (with any amendments subject to approval by the Board).

### **Role of the Audit Committee**

This charter assigns oversight responsibilities to the audit committee. Management is responsible for the preparation, presentation and integrity of the corporation's financial statements; accounting and financial reporting principles; internal controls; and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditor is responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards

The members of the audit committee are not acting as experts in accounting or auditing and rely without independent verification on the information provided to them and on the representations made by management and the independent auditor. Accordingly, the audit committee's oversight does not provide an independent basis to determine that the corporation's financial statements have been prepared in accordance with generally accepted accounting principles or that the audit of the corporation's financial statements by the independent auditor has been carried out in accordance with generally accepted auditing standards.