

COMMERCIAL FEDERAL CORPORATION/COMMERCIAL FEDERAL BANK AUDIT COMMITTEE CHARTER

PURPOSE

To assist the board of directors in fulfilling its oversight responsibilities over:

- (1) the integrity of the company's financial statements,
- (2) the company's compliance with legal and regulatory requirements,
- (3) the external auditor's qualifications and independence,
- (4) the performance of the company's internal audit function and external auditors, and
- (5) the adequacy of the company's overall risk management processes.

The audit committee will also submit the annual report on its activities that SEC rules require be included in the company's proxy statement.

AUTHORITY

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Directly appoint, retain, compensate, evaluate, oversee the work of and, if necessary, terminate the external auditor employed by the organization to conduct the annual audit. The external auditor reports directly to the audit committee.
- Possess sole authority to approve all audit engagement fees and terms, as well as any other significant engagements with the external auditor or their firm.
- Resolve any material disagreements between management and the auditor regarding financial reporting.
- Retain independent counsel, accountants, or others to advise the committee as it deems necessary without requiring management or board approval. Consistent with this, the company will provide any funding necessary for the committee to execute its duties and responsibilities.
- Seek any information it requires from employees or external parties engaged by the corporation, all of whom are directed to cooperate with any of the committee's reasonable requests.
- Meet with company officers, external auditors, or outside counsel, as necessary.
- Delegate authority to the committee chair, or to sub-committees, provided that such decisions are presented to the full committee at its next scheduled meeting.

COMPOSITION

The audit committee will consist of at least three and no more than six members of the board of directors. Each committee member must meet all established criteria evidencing his or her ability to be considered independent in both fact and appearance. As it is a requirement and expectation that every member of the full Board of Directors is financially literate, then, by default, all members of the audit committee will be deemed as financially literate. At least one member shall be designated as the "Audit Committee Financial Expert," as defined by applicable legislation and regulation. No committee member shall simultaneously serve on the audit committee of more than one other public company. Audit committee appointments shall be reviewed annually by the full board and documented in the board of directors' meeting minutes. Audit committee members are barred from accepting any consulting, advisory or compensatory fee from the company or any of its subsidiaries, other than in the member's capacity as a member of the board or any board committee. Furthermore, an audit committee member cannot be an affiliated person of the company or any subsidiary apart from their capacity as a member of the board or any board committee.

MEETINGS

The committee will hold at least four standing committee meetings each year, with authority to convene additional meetings as circumstances require. All committee members are expected to attend each meeting, in person or via teleconference. The committee will invite members of management, auditors or others to attend meetings, as deemed necessary. It will periodically meet separately with management, with internal auditors and with external auditors. It will also periodically meet in executive session. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Meeting conduct will presume members have reviewed the briefing materials in sufficient detail to participate in committee dialogue. Minutes will be prepared and submitted into the record upon approval. The audit committee, through the committee chairperson, shall report to the full board of directors on the actions of the committee.

RESPONSIBILITIES

The committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues and understand their impact on the financial statements.
These issues include:
 - Complex or unusual transactions and highly judgmental areas
 - Major issues regarding accounting principles and financial statement presentations, including any significant changes in the company's selection or application of accounting principles
 - The effect of regulatory and/or accounting initiatives on the financial statements of the company.
- Review analyses prepared by management and/or the external 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.
- Review with management and the external auditors the results of the audit, including any difficulties encountered. This review will include any restrictions on the scope of the external auditor's activities or on access to requested information, and any significant disagreements with management.
- Discuss the annual audited financial statements and quarterly unaudited financial statements with management and the external auditors, including the company's disclosures as part of the Form 10-K and annual proxy statement.
- Review disclosures made by the CEO and the CFO during the Form 10-K certification process about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the company's internal controls.
- Discuss earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies. This review may be general, to include the types of information to be disclosed and the type of presentations to be made. The audit committee does not need to review the final text of each earnings release in advance.

Internal Control

- Consider the effectiveness of the company's internal control system.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

- Review with management and the chief audit executive the charter, plans, activities, staffing, and organizational structure of the internal audit function. The committee will specifically approve the annual internal audit plan.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the chief audit executive.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors *Standards for the Professional Practice of Internal Auditing*.
- On a regular basis, meet separately with the chief audit executive to discuss any matters that the committee or internal audit believes should be discussed privately.
- Annually review the performance (effectiveness, objectivity and independence) of the chief audit executive and the internal audit function taken as a whole, providing direct feedback on such performance to the administrative superior of the chief audit executive.

External Audit

- Review the external auditor's proposed audit scope and approach.
- Review the performance of the external auditor, and exercise final approval on the appointment or discharge of the auditor.
 - In performing this review, the committee will:
 - At least annually, obtain and review a report by the external auditor describing:
 - the firm's internal quality-control procedures;
 - any material issues raised by the most recent internal quality-control review, peer review, or third party review (e.g., Public Company Accounting Oversight Board) of the firm,
 - any inquiry or investigation by governmental or professional authorities, within the preceding five years, and any steps taken to deal with any such issues; and
 - all relationships between the external auditor and the company.
 - Take into account the opinions of management and internal audit.
 - Review and evaluate the lead partner of the external auditor.
 - Present its conclusions with respect to the external auditor to the Board.
- Ensure the rotation of the lead audit partner and other audit partners as required by regulation or law, and consider whether there should be regular rotation of the audit firm itself.
- Set clear hiring policies for employees or former employees of the external auditor.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

Compliance

- 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) of any instances of noncompliance.
- Establish and maintain procedures for: (i) the receipt, retention, and treatment of complaints from company employees regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Review the findings of examinations by regulatory agencies.
- Obtain regular updates, as necessary, regarding compliance matters.

Reporting Responsibilities

- Regularly report to the board of directors about committee activities and 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 company's external auditor, and the performance of the internal audit function.

- Report annually to the shareholders, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.

Other Responsibilities

- Discuss with management the company's major policies with respect to risk assessment and risk management.
- Perform other activities related to this charter as requested by the board of directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the committee's and individual committee members performance at least annually.