

## **AUDIT COMMITTEE CHARTER**

The Committee was established September 26, 1989. The Committee shall have the following composition and duties and shall function on the following terms:

1. The Committee shall be composed of three or more independent Directors who shall be neither officers of the Company nor disqualified from serving on the Committee by applicable rules of regulatory agencies or the New York Stock Exchange. All members of the Committee shall be financially literate, as such qualification is interpreted by the Board of Directors in its business judgment. In addition, at least one member of the Committee shall be (a) an "audit committee financial expert" as such term is defined by the Securities and Exchange Commission; and (b) have accounting or related financial management expertise, as the Board of Directors interprets such qualification in its business judgment. Members of the Committee shall be elected annually by the Board upon the recommendation of the Corporate Governance Committee. The Chairperson of the Committee shall be appointed by the Board upon the recommendation of the Corporate Governance Committee.

The Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities of (i) the integrity of the financial statements of the Company, (ii) the independent auditor's qualifications and independence, (iii) the performance of the Company's internal audit function and independent auditors and (iv) the Company's legal and regulatory requirements.

2. Vacancies shall be filled by election by the Board upon the recommendation of the Corporate Governance Committee, and any member of the Committee may be removed by the Board.
3. Subject to the provisions of Item 4 below, the Committee shall fix its own rules or procedures and shall meet as provided by such rules or at the call of the Chairperson or a majority of the members. A majority of the Committee shall constitute a quorum. Except in cases in which it is by law, the Company's Articles of Incorporation, the Company's By-Laws, this Charter, or otherwise provided, a majority of the quorum shall decide any questions before the Committee.
4. Procedures fixed by the Committee shall be subject to any applicable provisions of the By-Laws of the Company relating generally to Committees of the Board. The Committee shall meet as the members deem necessary or advisable to perform the duties and responsibilities set forth in Item 5 below, but not less than quarterly. At such meetings management, the independent public accountants, and the internal auditor may each have an opportunity to meet privately with members of the Committee and may communicate directly with the Chairperson of the Committee at any time. The Committee shall meet with management, the

internal auditors and the independent auditor in separate executive sessions at least quarterly. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee may also, to the extent it deems necessary or appropriate, meet with the Company's investment bankers or financial analysts who follow the Company. Minutes shall be kept of all Committee meetings. The Committee shall report to the Board following each meeting.

5. In addition to such other duties and responsibilities as the Board may from time to time determine, the duties and responsibilities of the Committee shall include the following:
  - a. Oversee the Company's Relationship with Independent Auditors through
    1. Having the sole authority to appoint, retain, compensate, evaluate or replace the independent auditor and to approve all audit engagement fees and terms and all non-audit engagements with the independent auditors. The Committee may consult with management but shall not delegate these responsibilities. The independent auditor shall report directly to the Committee;
    2. Reviewing the experience and qualifications of the senior members of the independent public accountants and ensuring that the independent public accountants' staff working on the Company's account are rotated off of the Company's account as may be required by law;
    3. Obtaining and reviewing a report from the independent auditor at least annually regarding (1) the auditor's internal quality-control procedures, (2) any material issues raised by the most recent 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, (3) any steps taken to deal with any such issues and (4) all relationships between the independent auditor and the Company;
    4. Evaluating the qualifications, performance and independence of the independent auditor and lead partner, including considering whether (1) the auditor's quality controls are adequate and the provision of non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and the internal auditors and (2) it is appropriate to adopt a policy of rotating (i) the lead audit partner prior to the time that such partner is required to be rotated as a matter of law or (ii) the independent auditing firm itself on a regular basis. The Committee shall present its conclusions to the Board concerning the auditor's qualifications,

performance and independence and, if so determined by the Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the auditor;

5. Ensuring that the independent public accountants submit on a periodic basis a formal written statement delineating all relationships between the independent public accountants and the Company and reviewing and discussing with the independent public accountants all disclosed relationships or services that may impact the objectivity and independence of the accountants;
  6. Setting policies for the Company's hiring of employees or former employees of the independent auditor;
  7. Reviewing and discussing with the national office of the independent auditor issues on which they were consulted by the Company's audit team and matters of audit quality and consistency;
  8. Meeting with the independent auditor prior to the audit to discuss the planning and staffing of the audit.
- b. Oversee financial statement and disclosure matters through
1. Reviewing and discussing with management and the independent auditor the annual audited financial statements and quarterly financial statements, including disclosures made in "Management's Discussion and Analysis of the Financial Condition and the Results of Operation," and recommending to the Board whether the audited financial statements should be included in the Company's Form 10-K;
  2. Discussing with management and the independent auditor 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, any major issues as to the adequacy of the Company's internal controls, the development, selection and disclosure of critical accounting estimates, and analyses of the effect of alternative assumptions, estimates or GAAP methods on the Company's financial statements;
  3. Discussing with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies;

4. Discussing with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements;
  5. Discussing 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;
  6. Discussing with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit. In particular, discussing:
    - (a) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management;
    - (b) The management letter provided by the independent auditor and the Company's response to that letter;
    - (c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
- c. Oversee the Company's internal audit function through
1. Reviewing with Company management, internal auditors and the independent public accountants, the adequacy of the Company's system of internal accounting control, including computerized information system controls and security. This review shall include significant findings and recommendations;
  2. Reviewing the internal audit function of the Company including the independence and authority of its reporting obligations, the proposed audit plan and results, and the coordination of such plans with the independent public accountants. The senior internal audit executive reports directly to the Committee and the President and Chief Executive Officer; and
  3. Reviewing and evaluating the effectiveness of the Company's process for assessing significant risks or exposures and the steps that management has taken to monitor and control such risks to the Company.
- d. Oversee compliance responsibilities through

1. Monitoring compliance with the Company's Standards of Ethical Business Conduct policy;
  2. Reviewing, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements;
  3. Establishing and maintaining procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters;
  4. Discussing with Company management and the independent public accountants, any communications with governmental agencies, any employee complaints or any published statements or reports that raise significant issues regarding the Company's financial reporting;
  5. Reviewing and reassessing the adequacy of this Charter periodically, at least annually, as conditions dictate; and
  6. Preparing the report required by the Securities and Exchange Commission to be included in the Company's annual proxy statement.
6. Notwithstanding the foregoing responsibilities and duties, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the Committee to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations and the Company's Guidelines for Ethical Conduct.
7. The Committee may designate one or more subcommittees from among its membership, and delegate any of the duties set forth in this Charter to any such subcommittee. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting, or other advisors.
8. Compensation of members shall be determined from time to time by the Board. Until otherwise determined, each member shall be paid the fee established by the Board from time to time for attendance by members of standing Committees of the Board for each meeting of the Committee attended by such member. In addition, members of the Committee shall be reimbursed for all reasonable expenses incurred in attending such meetings. Notwithstanding the foregoing, no member of the Committee shall receive compensation in the form of fees paid directly or indirectly for services as a consultant or a legal or financial advisor, regardless of the amount. In addition, no compensation in the form of fees paid

directly or indirectly for consulting or advisory services shall be paid to a firm for which an Audit Committee member is employed, even if the member is not the actual service provider.

9. The Company shall provide for appropriate funding, as determined by the Committee, for payment of (a) compensation of the independent auditors; (b) compensation of any other advisers retained by the Committee; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
10. The Corporate Governance Committee of the Board shall conduct an annual performance review of the Committee.