

## **AUDIT COMMITTEE CHARTER**

### **Purpose**

The Audit Committee is appointed by the Board to assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Company's internal audit function and independent auditors.

The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement.

### **Committee Membership**

The Audit Committee shall consist of no fewer than three members. Each member of the Audit Committee shall meet the independence and experience requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"), and all rules and regulations promulgated by the SEC. When required by applicable law or regulation, at least one member of the Audit Committee shall be an "audit committee financial expert" as defined by the SEC, and at least one member (who may be the "audit committee financial expert") shall have accounting or related financial management expertise, as determined by the Board in its business judgment. Each member of the Audit Committee shall be financially literate, as determined by the Board in its business judgment.

The members of the Audit Committee shall be appointed by the Board on the recommendation of the Governance and Nominating Committee. Audit Committee members may be replaced by the Board. The Governance and Nominating Committee shall recommend, and the Board shall appoint, one member of the Committee as its Chairperson.

### **Committee Rules of Procedure**

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. Special meetings may be convened as the Audit Committee deems necessary or appropriate.

A majority of the members of the Audit Committee shall constitute a quorum to transact business. Members of the Audit Committee may participate in a meeting of the Committee by means of telephone conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. Except in extraordinary circumstances as determined by the Chairman of the Audit Committee, notice shall be delivered to all Committee members at least 48 hours in advance of the scheduled meeting. Minutes of each meeting will be kept and distributed to the entire Board.

The affirmative vote of a majority of the members of the Audit Committee present at the time of such vote will be required to approve any action of the Committee. Subject to the requirements of any applicable law, regulation or New York Stock Exchange rule, any action required or permitted to be taken at a meeting of the Audit Committee may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the members of the Committee. Such unanimous written consent shall have the same force as a unanimous vote of the Committee.

## **Committee Authority and Responsibilities**

The Audit Committee shall have the sole authority for the appointment, compensation, oversight (including resolution of disagreements between management and the independent auditor regarding financial reporting), termination and replacement of the Company's independent auditor subject, if applicable, to shareholder ratification, and shall approve in advance all audit engagement fees and terms and all non-audit engagements with the independent auditors (subject to the "de minimis" exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit) but shall not approve any engagement with respect to those services set forth in Section 10A(g) of the Exchange Act except as permitted under Section 10A (h) of the Exchange Act. The independent auditor shall report directly to the Audit Committee.

If any audit engagement fees or terms require approval prior to the next scheduled meeting of the Audit Committee, the Committee may delegate to subcommittees consisting of one or more of its members the authority to pre-approve audit or permitted non-audit services, provided that such pre-approval shall be presented to the full Committee for its approval at its next scheduled meeting.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate to carry out its responsibilities, to retain at the expense of the Company special legal, accounting or other consultants to advise the Committee. The Audit Committee shall have the sole authority to approve all fees and terms of engagement of such advisors. The Audit Committee may designate any member of the Committee to execute documents on its behalf as it deems necessary or appropriate to carry out its responsibilities hereunder.

The Audit Committee may request any officer or employee of the Company or the Company's independent auditor to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee. The Audit Committee shall meet with management, the internal auditors and the independent auditor in separate executive sessions as often as the Committee determines, but not less frequently than quarterly. The Audit Committee may also, to the extent the Committee deems necessary or appropriate, meet with the Company's consultants.

The Audit Committee shall make regular reports to the Board and shall review with the Board any issues that arise with respect to (i) the quality or integrity of the Company's financial statements, (ii) the Company's compliance with legal or regulatory requirements that may have a material impact on the Company's financial statements, (iii) the performance and independence of the Company's independent auditors or (iv) the performance of the independent audit function. In addition, the Audit Committee annually shall review its own performance.

The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed change to the Board for its approval. This Charter is in all respects subject and subordinate to the Company's certificate of incorporation and by-laws and the applicable provisions of the Delaware General Corporate Law.

In addition to the foregoing, the Audit Committee, to the extent it deems necessary or appropriate, shall:

## Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the Company's annual audited financial statements, including the disclosures made under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of its Form 10-K, and report to the Board the results of the Committee's review.
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements and the disclosures made under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and report to the Board the results of the Committee's review.
3. Discuss with management and the independent auditor, and resolve any disagreements between management and the independent auditor with respect to, 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, and any major steps adopted in light of material control deficiencies.
4. Review and discuss with management and the independent auditor any report of the independent auditor regarding (a) all critical accounting policies and practices to be used, (b) alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, or (c) any other material written communications between the independent auditor and management, including any management letter or schedule of unadjusted differences.
5. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as all financial information and earnings guidance provided to analysts and rating agencies.
6. Discuss 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.
7. Discuss 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.
8. Review legal and regulatory matters that may have a material impact on the Company's financial statements, and all related compliance policies and programs. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies. Discuss with the Company's general counsel any legal matters that may have a material impact on the Company's financial statements.
9. Discuss 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, discuss:

- (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; and
- (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.

10. Review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

#### Oversight of the Company's Relationship with the Independent Auditor

11. Review the experience and qualifications of the senior members of the independent auditor team, including the lead partner.

12. Obtain and review a report from the independent auditor at least annually regarding (a) the auditor's internal quality-control procedures, (b) 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, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and its related entities and the Company and its related entities. The report shall in all respects satisfy the requirements of Independence Standards Board Standard No. 1. Discuss the report with the independent auditor, and evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and the internal auditor. The Audit Committee shall present its conclusions to the Board, and if so determined by the Audit Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the auditor.

13. Consider when, in order to comply with Section 10A(j) of the Exchange Act and to assure continuing auditor independence, to rotate the audit partners. Consider whether it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.

14. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account. Review the experience and qualifications of the senior management of the Company to ensure that none of them has a relationship with the independent auditor that would compromise the auditor's independence or otherwise cause the Company or the independent auditor to be in violation of Section 10A of the Exchange Act or any other legal or regulatory requirement.

15. Obtain assurance from the independent auditor that each audit of the Company's financial statements has complied with the requirements of Section 10A of the Exchange Act.
16. Discuss 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.
17. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

#### Oversight of the Company's Internal Audit Function

18. Review the appointment of the senior internal auditing executive.
19. Review the significant reports to management prepared by the internal auditing department, including a discussion of any audit problems or difficulties, and management's responses.
20. Discuss with the independent auditor and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.
21. Discuss with the independent auditors their review of the Company's electronic data processing and information technology procedures and controls. Inquire about specific security programs to protect against computer fraud or misuse both within and outside the Company.

#### Compliance Oversight Responsibilities

22. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.
23. Obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Ethics. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Ethics.
24. Discuss with management any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's compliance policies.
25. Discuss with the Company's General Counsel legal matters that may have a material impact on the Company's compliance policies.
26. Establish and review periodically 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 of concerns regarding questionable accounting or auditing matters.
27. Review the annual internal control report prepared or issued by the independent auditor for inclusion in the Company's Form 10-K.

## General

Wherever it is stated in this Charter that the Audit Committee shall “review” or “discuss” any of the matters described herein, it shall be understood that the purpose of this Charter is to require the Audit Committee in all such cases to carefully review and discuss the matter and to make appropriate inquiries and investigations with respect thereto.

By approving this Charter the Board shall not be deemed to have approved or adopted by implication any law, rule, regulation, policy or practice to which it is not otherwise bound or which is not otherwise expressly approved and adopted herein.

In addition to the activities described above, the Audit Committee will perform such other functions as necessary or appropriate in its opinion under applicable law, the Company's certificate of incorporation and by-laws, and the resolutions and other directives of the Board.

### **Limitation of Audit Committee Role**

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate, and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditor.