

AUDIT COMMITTEE CHARTER

Adopted at the Board of Directors' Meeting
October 2, 2003

1. Purpose of the Committee: The Audit Committee shall assist the Board of Directors in its oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the Independent Auditor's qualifications and independence, and the performance of the Company's internal audit function and Independent Auditors and procedures. The Audit Committee shall prepare the report that the SEC rules require be included in the Company's annual proxy statement.
2. Committee Membership: The membership of the Audit Committee shall consist of at least three members of the Board of Directors who shall serve at the pleasure of the Board of Directors. The Audit Committee members and the Committee Chair shall be designated by the full Board of Directors upon the recommendation of the Corporate Governance Committee.
3. Meetings and Procedures: The Committee shall meet as often as it deems appropriate, but no less frequently than four (4) times per year. The Audit Committee shall fix its own rules of procedure, which shall be consistent with the bylaws of the Company and this Charter. The chair of the Committee, or a majority of the members of the Committee, may call a special meeting. The presence of not less than one-third of the number of members of the Committee or two members, whichever shall be greater shall constitute a quorum. The Committee may ask members of management or the Company's outside counsel or Independent Auditors to attend its meetings and provide pertinent information as necessary. The Audit Committee shall meet periodically with management, the internal auditors and the independent auditors in separate executive session as may be required. Following each of its meetings, the Committee shall deliver a report on the meeting to the Board of Directors, including a description of all actions taken by the Committee.
4. Member Qualifications: The members of the Audit Committee shall meet the independence and experience requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities and Exchange Act of 1934 (the "Exchange Act"), and the rules and regulations of the Securities and Exchange Commission (the "Commission").
5. Authority, Duties and Responsibilities: The duties and responsibilities of the Committee shall include the following:

Retention of Auditors

- a. To retain and terminate (subject to ratification by the shareholders of the Company) the Company's independent auditors. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including the resolution of any disagreements between management and the independent auditor regarding financial reporting).

- b. The independent auditor shall report directly to the Audit Committee. The Audit Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the company by its independent auditor, subject to the *de minimis* exception 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.

Financial Statement and Disclosure Matters

- c. To review and discuss with management and the independent auditor the annual audited financial statements, including the disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K.
- d. To review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Quarterly Report on Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.
- e. To discuss 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 analyses prepared by either in connection therewith. Prior to finalizing and filing the Annual Report on Form 10-K, the Audit Committee should review the selection, application and disclosure of critical accounting policies and the criteria used by management in its selection of the accounting principles and methods. Among the items the Audit Committee may want to review with the independent auditor are: any accounting adjustments that were noted or proposed but were passed (as immaterial or otherwise), any communication with the firm's national office respecting auditing or accounting issues presented by the engagement, and any material communications from the independent auditor, including any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to the Company.
- f. To discuss with management and the independent auditor all alternative GAAP treatments for policies and practices relating to material items that have been discussed by the independent auditor with management, including the ramifications of the use of such alternative treatments and the treatment preferred by the independent auditor.
- g. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- h. Discuss with management the Company's earnings press releases (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information), as well as earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting

of the types of information to be disclosed and the types of presentation to be made).

- i. To discuss with the independent auditor matters required to be discussed by the Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
- j. No less frequently than quarterly, to receive and review the reports of the Company's Chief Executive Officer and Chief Financial Officer regarding any significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process or report financial data and any material weakness in internal controls, and any fraud (irrespective of how material) involving an employee who has a significant role in the Company's internal controls. The Audit Committee should discuss with management and the independent auditor major issues as to the adequacy of internal controls and any measures taken in response thereto.
- k. To review with management the Company's major financial risk exposures with particular attention as to how such matters are reflected in the Company's financial statements and related reporting. The Audit Committee shall discuss with management the steps management has taken to monitor and control such exposure.

Oversight of the Independent Auditor

- l. The Audit Committee shall meet regularly with the independent auditor independently of management to review any audit problems or difficulties the auditor encountered in the course of the audit work, including any restrictions on the scope of the auditor's activities or on access to requested information, and any significant disagreements with management and management's response thereto.
- m. Not less than annually, to 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 (5) years respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company.
- n. To receive and review reports from the Company's independent auditors regarding the auditor's independence, and all relationships between the independent auditor and the Company. The Committee shall discuss such reports with the auditors and shall consider whether the provision of approved non-audit services is compatible with maintaining the auditor's independence.

- o. To periodically evaluate the quality of the audit services provided by the independent auditor, including an evaluation and review of the lead partner of the independent auditor. The Audit Committee shall present its conclusions in this regard to the full Board of Directors.
- p. To ensure rotation of the lead, concurring and “audit partners” as required by the Commission’s rules.
- q. To receive and review the independent auditor’s report on the assessment made by management as to the effectiveness of the Company’s internal control structure and procedures for financial reporting.
- r. Recommend to the Board policies for the Company’s hiring in a financial oversight role, employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.

Internal Audit / Conduct

- s. To meet periodically with the Director of Internal Audit independently of management. The Audit Committee shall review the organizational structure and qualifications of the members of the internal audit department. The review should also include discussion of the responsibilities, budget and staffing of the Company’s internal auditors and any significant changes thereto. The Audit Committee shall review the internal audit plan for the year, and any material changes to such plan, with management and the Director of Internal Audit, any significant findings and management's responses thereto. The Audit Committee shall review any difficulties encountered by the internal auditors in the course of their audits, including any restrictions on the scope of their work or access to required information.
- t. To establish procedures under guidance issued by the Commission for (i) the receipt and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- u. To investigate any matter brought to the attention of the Committee within the scope of its duties and responsibilities, and in that regard, shall have the authority to obtain advice and assistance from outside legal, accounting and other advisors where considered appropriate.

Performance Evaluation

- v. To conduct an annual performance evaluation of its own effectiveness, and in this regard the Committee shall report the results of its evaluation to the Board of Directors, including any

recommended amendments to this Charter, and any recommended changes to the policies and procedures of the Committee.

6. Delegation of Authority: The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Audit Committee.
7. Management Responsibility: While the Audit Committee has the responsibilities and authority set forth in this Charter, it is not the duty of the Audit 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. These are the responsibilities of management and the Company's independent auditor.