

## **GERBER SCIENTIFIC, INC.**

### **Charter of the Audit and Finance Committee (Last amended June 3, 2004)**

This charter governs the operations of the Audit and Finance Committee (the “A&FC”) of the Board of Directors (the “Board”) of Gerber Scientific, Inc. (the “Company”).

#### **Composition of the A&FC**

The A&FC shall consist of three or more directors, as determined by the Board. Each member of the A&FC shall be (i) independent, in accordance with applicable rules of the Securities and Exchange Commission (“SEC”) and applicable New York Stock Exchange (“NYSE”) listing standards, and (ii) financially literate, as such qualification is interpreted by the Board in its business judgment. In addition, at least one member of the A&FC shall have accounting or related financial management expertise, as the Board shall interpret such qualification in its business judgment. There shall be a presumption that a person who satisfies the definition of “audit committee financial expert” set out in Item 401(h) of Regulation S-K of the SEC has accounting or related financial management expertise. The members of the A&FC shall satisfy such other eligibility requirements as shall be prescribed from time to time in SEC rules and NYSE listing standards. No member of the A&FC may simultaneously serve on the audit committees of more than three public companies unless the Board determines that such simultaneous service would not impair the ability of such member to serve effectively on the A&FC.

The Board, by majority vote and taking into consideration the recommendation of the Nominating and Corporate Governance Committee, shall appoint each member of the A&FC, and from such members so appointed, appoint a chairperson of the A&FC. Ordinarily, such appointments shall take place at the regular meeting of the Board held on or about the date of the annual shareholders’ meeting. The members of the A&FC shall serve until their successors are appointed and qualified. The Board shall have the power at any time to change the membership of the A&FC and to fill vacancies on it, subject to new members satisfying the foregoing requirements.

#### **Meetings**

The A&FC shall meet at such times as it deems necessary to fulfill its responsibilities, but no less than four times annually. A majority of the A&FC members shall constitute a quorum. The A&FC shall have the authority to act on the affirmative vote of a majority of the members present at a meeting at which a quorum is present, and such act shall be the act of the A&FC. The minutes of A&FC meetings shall be filed in the records of the Company. Any decision or determination of the A&FC reduced to writing and signed by all of the members of the A&FC shall be fully as effective as if it had been made at a meeting duly called and held.

Regular meetings of the A&FC in any year shall be called according to the schedule for such year approved by the A&FC. Special meetings of the A&FC may be called by the A&FC chairperson, a majority of the members of the A&FC, the Board chairperson, or by a majority of the Board. Meetings may, at the discretion of the A&FC, include members of the Company's management, independent consultants, and such other persons as the A&FC or its chairperson may determine.

The Company shall designate a person to act as management liaison to the A&FC. Such management liaison shall work with the A&FC chairperson, the Company's financial officers, the internal audit staff and the external auditors to prepare an agenda for regularly scheduled meetings and develop an agenda for special meetings based on the information supplied by the party or parties requesting the special meeting. The management liaison shall coordinate and be responsible for all mailings to the A&FC members and shall be responsible for recording accurate minutes of all A&FC meetings and distributing them to the A&FC members.

The A&FC may adopt such additional or alternative procedures relating to the conduct of its proceedings from time to time as are consistent with the Company's corporate governance principles and as the A&FC otherwise deems appropriate.

### **Purpose and Principal Functions**

The A&FC shall assist the Board in fulfilling its financial reporting oversight role by monitoring:

- the quality and integrity of the Company's financial statements;
- the Company's system of internal control over financial reporting and the performance of the Company's internal audit function;
- the external auditors' qualifications, independence and performance; and
- the Company's compliance with legal and regulatory requirements.

In furtherance of the foregoing objectives, the A&FC shall provide an open avenue of communication between the Company's management, internal audit staff, external auditors and the Board. The A&FC shall periodically meet separately with management, the internal audit staff and the external auditors. The A&FC shall report regularly to the Board.

### **Responsibilities**

The A&FC is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the A&FC and this charter. To the extent permitted by applicable law and NYSE listing standards, the A&FC may delegate some or all of its authority to subcommittees formed by the A&FC when it deems such delegation to be appropriate. Without limiting the generality of the

preceding statements, the A&FC shall have authority (including budgetary and fiscal authority), and is entrusted with responsibility, to:

### **Financial Reporting**

- Review and discuss with the external auditors, management and the Company's internal audit staff the Company's audited annual financial statements that are to be included in the Company's annual report on Form 10-K, and determine whether to recommend to the Board that the financial statements be included in the Company's Form 10-K for filing with the SEC.
- Discuss with the external auditors the matters required to be discussed by SAS 61, (Codification of Statements on Auditing Standards, AU § 380), as it may be modified or supplemented from time to time.
- Review and discuss with the external auditors, management and the Company's internal audit staff each of the Company's interim financial statements to be included in the Company's quarterly reports on Form 10-Q prior to filing such reports with the SEC.
- Review and discuss:
  - (a) significant estimates and judgments underlying the financial statements;
  - (b) all critical accounting policies identified to the A&FC by the external auditors;
  - (c) material questions of choice with respect to the appropriate accounting principles and practices to be used in the preparation of the Company's financial statements, as brought to its attention by management and/or the external auditors; and
  - (d) any material management letter comments and management's responses to recommendations made by the external auditors in connection with the audit.
- Resolve disagreements between management and the external auditors regarding financial reporting.
- Review and discuss with the external auditors and management the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in any annual or quarterly report, or other report or filing filed with the SEC.

- In connection with each periodic report of the Company, review management's disclosure to the A&FC under Section 302 of the Sarbanes-Oxley Act and the SEC's rules under Section 302.
- Review and discuss generally with management earnings press releases of the Company, as well as financial information and earnings guidance provided to analysts and rating agencies.
- Confer with the external auditors concerning the scope of their examinations of the books and records of the Company and its subsidiaries in connection with their annual audit, interim financial reviews or otherwise, and any significant changes required in the external auditors' audit plans or scope.
- Review and discuss with the external auditors any problems or difficulties encountered by them in the course of their audit work and management's response.
- Review and discuss with the external auditors the responsibilities, budget and staffing of the Company's internal audit function.
- Review the effect of regulatory and accounting initiatives on the Company's financial statements.

#### **Internal Controls and Risk Assessment**

- Review annually, with management, the head of the internal audit function and the external auditors, if deemed appropriate by the A&FC, the Company's internal system of audit and financial controls, the results of internal audits and procedures for maintaining the adequacy and effectiveness of internal controls.
- Establish and monitor 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.
- Review and discuss with senior management and the external auditors the Company's guidelines and policies with respect to risk assessment and risk management, including steps taken by management to monitor and mitigate any known risk.

### **External Auditors' Qualifications, Independence and Performance**

- Directly retain, replace, if deemed necessary, oversee and evaluate the external auditors.
- Pre-approve all audit and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the external auditors in accordance with the Company's "Policy on Audit and Finance Committee Pre-Approval of Audit and Permissible Non-Audit Services Rendered by External Auditors."
- Receive from the external auditors on a periodic basis a formal written statement delineating all relationships between the external auditors and the Company, consistent with the Independence Standards Board, Standard No. 1, regarding relationships and services, which may affect the objectivity and independence of the external auditors, and other applicable standards. The A&FC shall actively discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the external auditors and take appropriate action in response to the external auditors' statements to satisfy itself of the independence of the external auditors.
- Review the performance of the external auditors annually and, in connection with this evaluation, consult with management and obtain and review a report by the external auditors describing their internal control procedures, any material issues raised by their most recent internal quality control review or peer review (if applicable) or by any inquiry or investigation by governmental or professional authorities for the preceding five years with respect to independent audits carried out by the external auditors, and the response of the external auditors to any such review, inquiry or investigation.
- Subject to the transition provisions of applicable SEC rules, ensure that the external auditors' lead or coordinating audit partner, concurring partner and audit partners comply with the rotation and "cooling off" period requirements of applicable SEC rules.
- Establish clear hiring policies for employees or former employees of the external auditors in accordance with applicable SEC and NYSE rules and regulations.

### **Compliance with Laws, Regulations and Policies**

- Review and monitor with the Company's inside chief legal counsel and others, as the A&FC deems appropriate:
  - (a) any litigation, tax or regulatory matters that may have a material impact on the Company's operations or financial statements; and

(b) the Company's compliance programs and policies, the violation of which may have a material impact on the Company's operations or financial statements.

- Review periodically, but no less frequently than annually, a summary of the Company's transactions with directors and officers of the Company and with entities that employ directors, as well as any other material related-party transactions.
- Periodically review the rules promulgated by the SEC and the NYSE relating to the qualifications, activities, responsibilities and duties of audit committees and take, or recommend that the Board take, appropriate action to comply with such rules, including amendment of the A&FC charter.

### **General**

The A&FC shall, with the assistance of management and legal counsel, as the A&FC deems appropriate, review and evaluate, at least annually, the A&FC's charter. The A&FC shall ensure inclusion of its then-current charter in the proxy statement for the Company's annual meetings of shareholders, at least once every three years in accordance with SEC rules.

The A&FC shall prepare a report for inclusion in the proxy statement for the Company's annual meeting of shareholders, as required by SEC rules.

The A&FC shall have the authority to engage outside advisors, including counsel, as it deems necessary to carry out its duties, and the Company shall provide appropriate funding, as determined by the A&FC, for payment of compensation to such advisors.

The Company shall provide appropriate funding, as determined by the A&FC, for payment of the compensation of the independent auditors and the ordinary administrative expenses of the A&FC that are necessary or appropriate in carrying out its duties.

The A&FC shall conduct an annual evaluation of its performance.

The function of the A&FC is one of oversight. While the A&FC has the powers and responsibilities set forth in this charter, it is not the responsibility of the A&FC to plan or conduct audits or to determine that the Company's financial statements present fairly the financial position, the results of operations and the cash flows of the Company, in compliance with generally accepted accounting principles. This is the responsibility of management. Management and the Company's internal audit department are responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The external auditors are responsible for planning and carrying out proper annual audits and quarterly reviews of the Company's financial statements.