

Hughes Supply, Inc.
Audit Committee of the Board of Directors
Charter

Purpose

The purpose of the Audit Committee (“Committee”) of the Board of Directors (“Board”) of Hughes Supply, Inc. (“Company”) is to assist the Board in fulfilling its financial oversight responsibilities. In furtherance of this purpose, the Committee shall:

Oversee the accounting, financial reporting and internal controls processes of the Company, and the audits of the Company’s financial statements.

Review and appraise the independence, qualifications, and performance of the independent auditor.

Review and appraise the independence, qualifications, and performance of the Company’s internal audit function.

Prepare such Committee reports as may be required by law, or deemed advisable by the Board, for inclusion in the Company’s annual proxy statement.

Composition

The Committee shall be comprised of three (3) or more directors, each of whom shall be determined by the Board to be independent under the rules of the New York Stock Exchange (“NYSE”), the Securities and Exchange Commission (“SEC”), and applicable law.

Qualifications

The Committee shall be composed of directors who are financially literate, as determined by the Board. At least one member of the Committee shall have accounting or related financial management expertise as determined by the Board, or be an “audit committee financial expert” as defined in the rules of the SEC. No member of the Committee shall serve on the audit committees of more than three public companies, unless the Board determines that such service would not impair the ability of such member to effectively serve on the Committee, and discloses such determination in the Company’s annual proxy statement.

Appointment and Removal

Members of the Committee shall be appointed by the Board. Members shall serve until a successor is duly elected and qualified, or until such Member’s earlier removal or resignation. Members of the Committee may be removed, with or without cause, by a majority vote of the Board.

Chair

A majority of the Board may elect the Committee Chair from among the Committee’s members. In the event the Board does not do so, the Committee shall elect a Chair from

among its members by majority vote. A Chair may be removed by the Board with or without cause. A Chair elected by the Committee may be removed by the Committee with or without cause.

Meetings

The Committee shall meet as frequently as circumstances dictate, but in no event less than quarterly. The Committee Chair, or a majority of the members of the Committee, may call meetings of the Committee. Meetings may be conducted in person or by electronic means, provided that all members are able to simultaneously communicate with one another.

The Committee may invite to its meetings any director, member of management of the Company, and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate.

To discuss any matters the Committee believes should be addressed privately, the Committee shall periodically meet in executive session with the CEO, the CFO, the controller, general counsel and other members of management; separately with management, the director of the Company's internal audit function, and the independent auditor.

Duties and Responsibilities

The Committee shall carry out the duties and responsibilities set forth below. These functions should serve as a guide with the understanding that the Committee may determine to carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal, or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in this Charter.

Reporting

Report regularly to the Board with respect to matters that are relevant to the Committee's discharge of its responsibilities and with respect to such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.

Review of Documents, Reports and Policies

Prior to public dissemination, the Committee shall discuss the Company's annual audited financial statements and quarterly financial statements with management and the independent auditor. This shall include the Company's earnings press releases, financial information and earnings guidance provided to analysts and rating agencies, and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the matters required to be discussed pursuant to Statement of Auditing Standards No. 61. In preparation for, or in the course of, such discussions, the Committee shall consider:

whether any significant internal control deficiency exists that could impair the Company's ability to accurately deal with financial data; and

the existence of any fraud involving management, or employees who have a significant role in the Company's internal control over financial reporting.

The Committee shall discuss and consider the Company's policies with respect to risk assessment and risk management.

Independent Auditors

The Committee shall supervise the Company's relationship with its independent auditor, including resolving disagreements between management and the independent auditor. In performance of this duty, the Committee shall:

Appoint, retain, compensate, evaluate, and terminate the Company's independent auditor.

In its sole discretion, approve all non-audit services, including tax services, for which the independent auditor may be engaged by the Company before the services are rendered. In considering the approval of any such engagement, the Committee shall be guided by such rules and regulations of the NYSE or SEC to which the Company may be subject. This authority may be delegated to the Chair.

Require the independent auditor to provide a report describing its internal controls, including issues raised by internal review or governmental or professional inquiry regarding such controls, and the auditor's independence of, and all relationships with, the Company. Ascertain that the independent auditor is complying with requirements for mandatory audit partner rotation.

Seek the advice of management and the Company's internal auditor regarding the independent auditor's independence, qualifications, experience, performance, and general suitability. The Chair shall consider in advance, with management, the rationale for employing audit firms other than the principal independent auditors.

In addition to the items delineated above, the Committee shall, in general, perform all acts necessary to ensure that the independent auditor meets all qualifications as may be mandated from time to time by the NYSE, SEC, or other governing authority.

Internal Auditor

The Committee shall review and concur in the appointment, replacement, reassignment or dismissal of the Chief Audit Executive (CAE). The CAE shall report functionally to the Committee and administratively to the CFO. At least annually, the Committee shall review the function, organization, personnel and performance of the internal audit group and shall appraise the performance of the CAE.

In consultation with the independent auditor, the CFO and the CAE, the Committee shall review annually the audit scope and plan of the internal auditors and the independent auditors. Coordination of internal and external audit efforts shall be addressed to assure the completeness of coverage, reduction of redundant efforts and the effective use of audit resources.

Financial Reporting Process

In consultation with the independent auditor, management, and the internal auditor, the Committee shall review the integrity of the Company's financial reporting processes, both internal and external. The Committee shall consider the adequacy of the Company's internal controls, including computerized information systems controls and security, and the effect of such major changes as management may recommend or implement in the Company's internal controls. Such consideration shall include examination of any significant findings and recommendations of the independent auditors and internal auditors and the effect of any off-balance sheet financial structures on the Company's financial statements.

The Committee shall review, with the independent accountant, issues arising in the course of the audit. Such consideration may include, without limitation, difficulties in access to Company personnel or records; disagreements with management; accounting adjustments considered but "passed;" opinions formulated regarding internal controls and management's report thereon; and communications on any audit issue between the audit team and the independent auditor's management.

Legal and Ethical Compliance

The Committee shall:

Periodically review legal, compliance, and regulatory matters with the Company's legal counsel, including any legal matters that could significantly impact the Company's financial statements.

Set clear hiring policies for employees or former employees of the independent auditor.

Establish procedures for the receipt, retention, confidential treatment, and anonymity of complaints received by the Company from employees or outside sources, regarding accounting, internal controls, and audit matters. Review any complaints that might have been received, current status and resolution, if one has been reached.

Delegation to Subcommittees

In fulfilling its responsibilities, the Committee shall be entitled to delegate any of the foregoing duties and responsibilities to a subcommittee of the Committee. Any such delegation may be revoked by the Committee at any time.

Process Improvement

The Committee shall periodically consider improvements in its own function, policy and procedure, as well as improvements in the practices of those areas for which the Committee has oversight responsibility. In consultation with the independent auditor, management, and the internal auditor, the Committee shall review significant accounting estimates made in management's preparation of financial statements.

The Committee shall review this Charter no less frequently than annually, reassess its adequacy, consider changes that are necessary as a result of new laws or regulations and recommend to the Board any proposed changes the Committee considers necessary or valuable.

Performance Evaluation

The Committee shall conduct a self-evaluation no less than annually.

Committee Functionality

In conjunction with the Nominating/Corporate Governance Committee of the Board, the Committee shall consider the qualifications and criteria for membership of the Committee; the appointment and removal of members of the Committee; and the structure, operation, and general effectiveness of the Committee.

The Committee shall have the power and authority, without need of approval from the Board, to perform whatever acts it deems necessary to carry out its responsibilities under this Charter, including the authority to undertake investigations into the affairs of the Company in the course of conducting the business of the Committee and to retain, at the expense of the Company, such outside counsel, advisors, professionals and experts as the Committee shall deem necessary or advisable for the purpose. The Committee shall also perform such other duties and functions as the Board may reasonably delegate from time to time or as may be assigned by law or the Company's charter or bylaws.

Limitation of Duties

The Committee recognizes that the Company's financial management, the independent auditors, and the internal auditors, have, in general, more detailed knowledge regarding the Company than do Committee members. Consequently, it is not the duty of the Committee or the Chair to assure the completeness or accuracy of the Company's financial statements, or the compliance of such statements with generally accepted accounting principles.

Disclosure

This Charter, as the same may be amended from time to time, shall be disclosed on the Company's website and in the Company's proxy statements and securities filings to the extent required by applicable laws, rules and regulations.