

CHARTER OF THE AUDIT COMMITTEE LABOR READY, INC.

Statement of Policy

The primary functions of the Audit Committee are: (a) to oversee the accounting and financial reporting processes and audits of the financial statements of the Company, including the qualifications, independence and performance of the Company's independent auditors; and (b) to assist the Board of Directors in its oversight and review of the integrity of financial information provided to shareholders and others, the Company's compliance with legal and regulatory requirements, and the adequacy of the Company's system of internal controls and performance of the Company's internal audit function. In performing these functions, the Audit Committee shall provide open means of communication between the directors, the independent auditors and the financial and senior management of the Company.

Composition

The Audit Committee shall be comprised of three or more directors as determined by the Board of Directors, each of whom shall be independent directors under all applicable regulation, including the listing standards of the New York Stock Exchange and the rules of the Securities and Exchange Commission, and have no material relationship with the Company, as affirmatively determined by the Board of Directors. All members of the Audit Committee shall be financially literate and have a working familiarity with basic finance and accounting practices, at least one member shall have accounting or related financial management expertise, and at least one member shall qualify as an "audit committee financial expert" as defined in Item 401 of the Securities and Exchange Commission's Regulation S-K.¹

The members of the Audit Committee shall be elected by the Board of Directors at the annual meeting of the Board of Directors and shall serve until their successors shall be duly elected and qualified. Unless a Chairman is elected by the full Board of Directors, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership.

Meetings

The Audit Committee shall meet at least quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee should meet at least quarterly with management and the independent auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

Responsibilities

In carrying out its responsibilities, the Audit Committee will:

- Meet with the independent auditors and financial management of the Company to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof review such audit, including any comments or recommendations of the independent auditors.
- Evaluate and approve or disapprove in advance all audit and non-audit services proposed to be provided by the independent auditors. The Company's independent auditors may be engaged to provide non-audit services only after the Audit Committee has first considered the proposed engagement and has determined in each instance that the proposed services are not prohibited by applicable regulations and the auditors' independence will not be materially impaired as a result of having provided such services. In making this determination, the Audit Committee shall take into consideration whether a reasonable investor, knowing all relevant facts and circumstances, would conclude that the auditors' exercise of objective and impartial judgment on all issues encompassed within the auditors' engagement would be materially impaired. The Audit Committee may delegate its approval authority under this paragraph to one or more of its members, provided that any such approvals are presented to the Audit Committee at its next scheduled meeting.
- Review with the independent auditors and financial and accounting personnel, at least annually, the adequacy and effectiveness of the accounting and financial controls of the Company, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
- Discuss with the independent auditors at least annually the acceptability and the quality of the accounting principles applied in the Company's financial reporting process.
- Review and discuss the annual audited financial statements and quarterly financial statements with management and the independent auditors to determine that the independent auditors are satisfied with the disclosure and content of the financial statements to be presented, including the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations. Discuss with the independent auditors all critical accounting policies and practices to be employed in connection with the financial statements, and any changes thereto; all alternative treatments of financial information under GAAP that have been discussed with management, and the treatment preferred by the auditor; and all other material written communications between the auditor and management.

- Review and discuss the following: (a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- Review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. Such review and discussion may be done generally (*i.e.*, focusing on the type and presentation of such disclosures), and need not be undertaken in advance in each instance. The Audit Committee may delegate its responsibility under this paragraph to one or more of its members, provided that any use of “pro forma,” or “adjusted” non-GAAP, information included in earnings press releases or earnings guidance be discussed with the Audit Committee at its next scheduled meeting.
- Provide for inclusion in the annual proxy statement a report of the Audit Committee’s findings resulting from its financial reporting oversight responsibilities, and ensure that this Charter is included in the proxy statement at least once every three years and in any event after any modification.
- Meet separately, at least quarterly, with management, with internal auditors, and with the independent auditors. Among the items to be discussed in these meetings are the independent auditors’ evaluation of the corporation’s financial, accounting, and auditing personnel, and the cooperation that the independent auditors received during the course of the audit or quarterly review.
- Review with the independent auditor the scope and results of its audit, and any audit problems or difficulties and management’s response (including resolution of any disagreement between management and the auditor regarding financial reporting).
- When applicable, either the Audit Committee or the Chairman shall discuss with the independent auditors the impact of any significant events, transactions and changes in accounting estimates considered by the independent auditors in performing its quarterly reviews.
- At least annually, review accounting and financial human resources and succession planning within the Company.

- At least annually, review and discuss policies with respect to risk assessment and risk management of the Company, including the Company's major financial risk exposures and steps taken by management to monitor and control such exposures.
- Submit the minutes of all meetings of the Audit Committee to, or discuss the matters discussed at each committee meeting with, the Board of Directors, and otherwise regularly report to the Board of Directors and review with the Board of Directors any issues with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit function.
- Establish procedures for (a) receipt, retention and treatment of complaints or employee concerns regarding accounting, internal controls and auditing matters, and (b) confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters. The Audit Committee may review and reassess the adequacy of these procedures periodically and adopt any changes to such procedures that the Audit Committee deems necessary or appropriate.
- Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.
- As appropriate, obtain advice and assistance from independent counsel and other advisors. If such counsel or other advisors are engaged, the Audit Committee shall determine the compensation or fees payable to such counsel or other advisors. The Company must provide for such funding, as well as for funding, as determined by the Audit Committee, for payment of (i) compensation to the independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; and (ii) ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.
- Review this Charter annually and update as appropriate.
- Conduct an annual evaluation of the Audit Committee's performance in carrying out its responsibilities and report the results of such evaluation to the Board of Directors.
- Perform such other functions as assigned by law, the Company's charter or bylaws, or the Board of Directors.

Relation with the Independent Auditors

The independent auditors shall report directly to the Audit Committee. Accordingly the Audit Committee has the following responsibilities in connection with such relationship:

- Review and select the independent auditors to audit the financial statements of the Company and its divisions and subsidiaries or to perform other audit, review or attest services for the Company and its divisions and subsidiaries, approve the compensation of the independent auditors, retain and oversee the work of the independent auditors and review and approve the discharge of the independent auditors if such action becomes necessary.
- Assess on an annual basis the independence of the independent auditors, and in doing so, obtain from the independent auditors a written statement regarding relationships and services which may affect objectivity and independence.
- Engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and recommend that the Board of Directors take appropriate action in response to the independent auditors' report to satisfy itself of the independent auditors' independence.
- Obtain and review, at least annually, a report by the independent auditors describing the independent auditor 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 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 auditors' independence) all relationships between the independent auditors and the Company.
- Review and evaluate the performance of the independent auditor and the rotation of the lead partner and any other active audit engagement team partner to assure compliance with applicable law. In this regard, the Audit Committee shall also seek the opinion of management and the internal auditors of the independent auditors' performance and discuss with management the timing and process for implementing the rotation of the lead audit partner and any other active audit engagement team partner and consider whether there should be a regular rotation of the audit firm itself. The Audit Committee shall present its conclusions with respect to the independent auditors to the Board of Directors for its information at least annually.
- Set clear hiring policies for employees or former employees of the Company's independent auditor.

Internal Auditors

At least annually, the Audit Committee shall evaluate the performance and responsibilities of the Company's internal audit function and review the internal audit plan, assessments of the adequacy and effectiveness of internal controls and the sufficiency of the department's resources.

APPROVED AND ADOPTED BY THE AUDIT COMMITTEE ON JUNE 5, 2000.

APPROVED AND ADOPTED BY THE BOARD OF DIRECTORS ON JUNE 6, 2000.

AMENDED BY THE AUDIT COMMITTEE AND THE BOARD OF DIRECTORS ON MARCH 12, 2003.

AMENDED BY THE AUDIT COMMITTEE AND THE BOARD OF DIRECTORS ON MARCH 17, 2004.

¹ An audit committee financial expert" is a person who has the following attributes:

- An understanding of generally accepted accounting principles and financial statements;
- The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities;
- An understanding of internal controls over financial reporting; and
- An understanding of audit committee functions.

A person must have acquired such attributes through any one or more of the following:

- Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
 - Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
 - Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
 - Other relevant experience.
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