

**PACIFIC SUNWEAR OF CALIFORNIA, INC.
SECOND AMENDED AND RESTATED
AUDIT COMMITTEE CHARTER**

This second amended and restated charter is adopted by the Audit Committee (the "**Audit Committee**") of the Board of Directors (the "**Board**") of Pacific Sunwear of California, Inc., a California corporation (the "**Company**"), on March 23, 2004. This charter shall be reviewed, re-assessed and amended or re-approved annually by the Audit Committee and the Board.

1. **Role and Independence.**

The Audit Committee's purpose is to oversee the accounting and financial reporting practices and processes of the Company and the audits of the financial statements of the Company, and other such appropriate duties as directed by the Board. In discharging its role, the Audit Committee is empowered to investigate any matter brought to its attention.

The Audit Committee will be comprised of three or more directors of the Board. Each member of the Audit Committee will be a director who is free of any relationship that, in the opinion of the Board, would interfere with his or her individual exercise of independent judgment, and who meets the director independence and knowledge requirements for serving on audit committees as set forth in the corporate governance standards of NASDAQ.

The Board or the Audit Committee shall appoint one member of the Audit Committee as chairperson, who shall be responsible for leadership of the committee. The members of the Audit Committee will be appointed by and serve at the discretion of the Board.

2. **Independent Public Accountants.**

The Audit Committee will:

- a. Be directly responsible for (i) the appointment, compensation, retention and oversight of the work of the independent public accountants engaged (including resolution of disagreements between management and the independent public accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and (ii), where appropriate, the termination and replacement of such firm. Such independent public accountants will report directly to and be ultimately accountable to the Audit Committee.
- b. Review, evaluate and approve the annual engagement proposal of the independent public accountants (including the proposed scope and

- approach of the annual audit).
- c. Pre-approve all auditing services and all non-auditing services to be performed by the independent public accountants. Such pre-approval can be given as part of the Audit Committee's approval of the scope of the engagement of the independent public accountants or on an individual basis. The pre-approval of non-auditing services can be delegated by the Audit Committee to one or more of its members, but the decision must be presented to the full Audit Committee at the next scheduled meeting. The independent public accountants shall not be retained to perform the prohibited non-audit functions listed on Exhibit A.
 - d. Set hiring policies for employees and former employees of the independent public accountants.
 - e. Review with the independent public accountants any audit problems or difficulties the independent public accountants may have encountered and management's responses, including:
 - i. any restrictions on the scope of activities or access to requested information; and
 - ii. any recommendations made by the independent public accountants as a result of the audit.
 - f. Review and approve all related-party transactions.

3. **Experts; Reliance; Funding.**

- a. The Audit Committee has the power, in its sole discretion, to retain at the Company's expense such independent counsel or other advisors and experts as it deems necessary or appropriate to carry out its duties. If the Audit Committee decides to retain such counsel, advisors, or experts, the Board delegates to the Audit Committee the sole authority to retain and terminate such counsel, advisors, or experts and to approve their fees and other retention terms.
- b. The Audit Committee will act in reliance on management, the Company's independent public accountants, internal auditors, and advisors and experts, as it deems necessary or appropriate to enable it to carry out its duties.
- c. The Company shall provide the Audit Committee with appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board, for:
 - i. Compensation of any independent public accountants engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
 - ii. Compensation to any advisors employed by the Audit Committee under Section 3(a) hereof; and
 - iii. Ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

4. **Specific Responsibilities and Duties.**

In performing its functions, the Audit Committee shall undertake those tasks and responsibilities that, in its judgment, would contribute most effectively to and implement the purposes of the Audit Committee. In addition to the general tasks and responsibilities noted above, the following are the specific functions of the Audit Committee:

- a. Review and discuss with management and the independent public accountants the Company's annual and quarterly financial statements (including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations"), including the independent public accountants' reviews of the quarterly financial statements, prior to the public release of such information.
- b. Review with management and the independent public accountants material accounting principles applied in financial reporting, including any material changes from principles followed in prior years and any items required to be communicated by the independent public accountants.
- c. Discuss with management earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- d. Review the adequacy and effectiveness of the Company's system of internal accounting controls, and consult with the independent accountants concerning their evaluations of any weaknesses in such controls and recommendations for improvements thereto.
- e. Obtain and review reports from the independent public accountants regarding:
 - i. all critical accounting policies and practices to be used by the Company;
 - ii. all alternative treatments of any material financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent public accountants; and
 - iii. all other material written communications between the independent public accountants and management, including any management letter or schedule of unadjusted differences.
- f. Receive at least annually from the independent public accountants a formal written statement delineating all relationships between the Company and the independent public accountants, consistent with Independence Standards Board Standard 1, actively engage in a dialogue with the independent public accountants with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent public accountants, and take (or recommend that the full Board take) appropriate action to oversee the independence of the independent public accountants. Verify that the independent public accountants satisfy the NASDAQ peer review requirements. Ensure that

audit partners are rotated in accordance with rules promulgated by the Securities and Exchange Commission.

- g. Prepare the annual report included in the Company's proxy statement as required by the proxy rules under the Securities Exchange Act of 1934, as amended.
- h. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- i. Review the budget, qualifications, activities, effectiveness and organizational structure of the internal audit function and the performance, appointment and replacement of the chief internal auditor, and review summaries of any material internal audit reports and management's responses.

5. Meetings; Committees.

- a. The Audit Committee shall meet with the independent public accountants, internal auditors and management in separate executive sessions regularly (with such frequency as it determines) to discuss any matters that the Audit Committee or these groups believe should be discussed privately.
- b. Other meetings will be with such frequency, and at such times, as its chairperson, or a majority of the Audit Committee, determines. A special meeting of the Audit Committee may be called by the chairperson and will be called promptly upon the request of any two Audit Committee members.
- c. The Audit Committee has the power to appoint and delegate matters to subcommittees, but no subcommittee, except as provided in Section 2(c) hereof, will have any final decision-making authority on behalf of the Board or the Audit Committee.

EXHIBIT A

Prohibited Non-Audit Services

- 1. Bookkeeping or other services related to the accounting records or financial statements of the Company;
- 2. Financial information systems design and implementation;
- 3. Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- 4. Actuarial services;
- 5. Internal audit outsourcing services;
- 6. Management functions or human resources;
- 7. Broker or dealer, investment advisor, or investment banking services;
- 8. Legal services and expert services unrelated to the audit; and
- 9. Any other services that the Public Company Accounting Oversight Board established pursuant to the Sarbanes-Oxley Act of 2002 determines, by regulation, is impermissible.

