

Audit Committee Charter

1. MEMBERSHIP. The membership of the Audit Committee (the “Committee”) will consist of no fewer than three members of the Board of Directors, all of whom in the judgment of the Board of Directors shall be independent in accordance with New York Stock Exchange listing standards. In addition, in the judgment of the Board of Directors, the members are financially literate, at least one member must be an “audit committee financial expert” as defined by the Securities and Exchange Commission, and all members (one of whom may also serve as the audit committee financial expert) shall in the judgment of the Board of Directors have accounting or related financial management expertise in accordance with New York Stock Exchange listing standards. Members may serve on the audit committee of no more than three public companies, including this Committee.

2. PURPOSE AND MEETINGS.

- a. The Committee shall be responsible for the oversight of, and report to the Board of Directors with respect to: (a) the integrity of Paxar’s financial statements and internal controls; (b) Paxar’s compliance with legal and regulatory requirements related to financial matters; (c) the independent auditor’s qualifications and independence; (d) the performance of Paxar’s internal audit function and the independent auditor; and (e) other matters that the Committee determines relate to or bear upon Paxar’s financial condition, results of operation or exposure to quantifiable risks. The Committee also shall prepare and sign the Report of the Audit Committee required to be included in Paxar’s annual Proxy Statement.
- b. The Committee shall meet with Paxar’s management and the independent auditor prior to the release and filing of annual and quarterly financial reports to review and approve such reports. Meetings shall also be held to review and approve the Audit Plan and annual fee submitted by Paxar’s independent auditor. Meetings also may be called by the Chair, or by a majority of members of the Committee, to fulfill the duties and responsibilities of the Committee set forth below. Meetings shall be held at mutually agreeable times and locations. Meetings may be held by conference telephone or similar methods by means of which all persons participating in the meeting can hear and speak to each other.

3. DUTIES, RESPONSIBILITIES AND AUTHORITY.

The Committee shall:

- a. Be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an annual audit report or performing other audit, review or attest services for Paxar (including resolution of disagreements between management and the auditor regarding financial reporting) with respect to Paxar's annual audited financial statements as filed with the SEC, and each such registered public accounting firm must report directly to the Committee.

- b. Review and approve the independent auditor's annual Audit Plan, the scope of the Plan, and the Plan's effectiveness after completion of the audit.
- c. Review and approve the annual and any other audit fees.
- d. Meet to review and discuss Paxar's annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing Paxar's disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- e. At least annually, obtain and review a report by the independent auditor describing: the auditing firm's internal quality control procedures; any material issues raised by the most recent internal quality control review or peer review of the auditing 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 auditing firm, and any steps taken to deal with such issues; and, in order to assess the auditor's independence, all relationships between the independent auditor and Paxar.
- f. Discuss and evaluate Paxar's earnings press releases with management prior to public distribution, as well as financial information and earnings guidance provided to analysts and rating agencies.
- g. Meet periodically, in separate sessions, with the independent auditor, with Paxar's internal audit personnel, and with Paxar's management, and meet periodically with all three as a group to discuss, among other things, Paxar's critical accounting policies, any disagreements with regard to those policies, Paxar's disclosure controls and procedures, and the effectiveness of procedures intended to prevent violations of laws and regulations.
- h. Review with the independent auditor any audit problems or difficulties and management's response.
- i. Annually, obtain and approve a report from the independent auditor regarding its independence in all its relationships with Paxar.
- j. Review and pre-approve any non-audit services proposed to be provided by the independent auditor.
- k. Establish procedures, which will be set forth in Paxar's Code of Business Ethics, for the confidential and anonymous receipt, retention and treatment of complaints from whatever source regarding Paxar's internal controls and auditing matters, as well as for the confidential, anonymous submission by Paxar employees of concerns regarding questionable accounting or auditing matters.
- l. Review and evaluate the effectiveness of Paxar's financial management as well as Paxar's internal audit function. The internal audit personnel shall report directly to the Chairman of the Committee.

- m. Review and approve Paxar's internal accounting controls and delegation of authority, as set forth in Paxar's Financial Policies and Procedures Manual.
- n. Review management's and the internal auditor's quality control assessments of the effectiveness of the Paxar's accounting policies and systems, and its disclosure controls and procedures.
- o. Report regularly to the Board of Directors regarding all of the Committee's activities, including any action taken at each meeting of the Committee, and report immediately to the Board of Directors all significant financial accounting and disclosure issues that may affect Paxar.
- p. Establish policies on hiring current and former employees of the independent auditors.
- q. Annually, review and approve:
 - Paxar's policies with respect to risk assessment and risk management, and the Company's compliance with such policies;
 - the Paxar Code of Business Ethics and the adequacy of the certification program to obtain employee compliance with the Code; and
 - the status of Paxar's environmental controls and compliance programs.
- r. Conduct a performance review of this Committee and review this Charter at least annually or more often as events dictate, and recommend any appropriate revisions to the Board of Directors for its approval.
- s. Prepare and sign the Report of the Audit Committee required to be included in Paxar's annual Proxy Statement.
- t. Have the authority to engage independent counsel and other advisers as the Committee determines necessary to carry out its duties.
- u. Determine the appropriate funding for payment of: (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Paxar; (ii) compensation to any independent counsel and other advisers retained by the Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Adopted July 31, 1998
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 Revised April 29, 2003

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