



AUDIT AND ETHICS COMMITTEE CHARTER

I. PURPOSE

- 1.1 The primary purpose of the Audit and Ethics Committee (the "Committee") is to assist the Board of Directors (the "Board") in fulfilling its responsibility to oversee management's conduct of the Company's financial reporting process, by the oversight of the integrity of regular financial reports and other financial information provided by the Company to the Securities and Exchange Commission or the public, the Company's systems of internal accounting and financial controls, the qualifications, performance and independence of the Company's independent auditors, the annual independent audit of the Company's financial statements and the Company's legal compliance and business ethics programs.
- 1.2 In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, auditors or other experts for this purpose. These parties are ultimately accountable to the Board and the Committee.
- 1.3 The Committee shall, on an annual basis:
 - (a) Review the adequacy of this Charter;
 - (b) Evaluate the Committee's performance under this Charter;
and
 - (c) Prepare a report as required by the rules of the Securities and Exchange Commission for inclusion in the Company's annual proxy statement.

II. MEMBERSHIP

- 2.1 The Committee shall be comprised of not fewer than three members of the Board, and the Committee's composition will meet the requirements of the Audit Committee Policy of the New York Stock Exchange, where applicable, rules and regulations of the Securities and Exchange Commission and the requirements of Section 10A of the Securities and Exchange Act of 1934.
- 2.2 All of the members will be directors who, in the business judgment of the Board of Directors:
 - (a) Have no relationship to the Company that interferes with the exercise of their independence from management and the Company; and
 - (b) Are financially literate or who will become financially literate within a reasonable period of time after appointment to the Committee.
- 2.3 At least one member of the Committee shall be a financial expert, as such term is defined by the Securities and Exchange Commission, and shall have, in the business judgment of the Board of Directors, accounting or related financial management expertise.
- 2.4 The members of the Committee shall be appointed and may be replaced by the Company's Board of Directors.
- 2.5 No member of the Committee may receive any payment from the Company other than payment for Board or committee service.

III. KEY RESPONSIBILITIES

- 3.1 The Committee's job is one of oversight and it recognizes that the Company's management is responsible for preparing the Company's financial statements and that the outside auditors are responsible for auditing those financial statements. Additionally, the Committee recognizes that the Company's financial management, as well as the outside auditors, have greater knowledge of the day-to-day operations of the Company and more detailed information regarding the Company than do Committee members. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the outside auditor's work.

- 3.2 The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain special legal, accounting or other consultants to advise the Committee.
- 3.3 The following functions shall be the common recurring activities of the Committee in carrying out its oversight function:
- (a) The Committee shall review with management and the outside auditors the annual audited financial statements, including disclosures under “Management’s Discussion and Analysis of Financial Conditions and Results of Operations,” review and consider with the outside auditors the matters required to be discussed by Statement of Auditing Standards (“SAS”) No. 61 and recommend to the Board whether the audited financial statements should be included in the Company’s Annual Report on Form 10-K.
 - (b) The Committee shall review with management and the outside auditors the Company’s interim financial results to be included in the Company’s quarterly reports and the matters required to be discussed by SAS Nos. 61 and 100, as applicable; this review will occur prior to the Company’s filing of the Form 10-Q.
 - (c) The Committee shall:
 - (i) review and discuss with management and the independent auditor accounting policies and financial reporting issues and judgments that may be viewed as critical;
 - (ii) review and discuss analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
 - (iii) consider any significant changes in the accounting and auditing policies;
 - (iv) review and discuss any accounting and financial reporting proposals that may have a significant impact on the financial reports; and
 - (v) review and discuss major issues as to the adequacy of the internal controls and any special audit steps adopted in light of material control deficiencies.

- (d) The Committee shall review and discuss with management and the independent auditor:
 - (i) any material financial or non-financial arrangements of the Company that do not appear on the financial statements; and
 - (ii) any transactions or courses of dealing with parties that are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties and that are relevant to an understanding of the Company's financial statements.
- (e) The Committee shall review and discuss with management its policies and practices regarding earnings press releases, as well as financial information and earnings guidance given to analysts and ratings agencies, giving attention to any use of "pro forma" or "adjusted" non-GAAP information.
- (f) The Committee shall discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
- (g) The Committee shall discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the Company's financial statements.
- (h) The Committee shall meet periodically and separately with the Company's management, the independent auditor and the internal auditors.
- (i) The Committee shall review and discuss with the Company's management, the independent auditor and the internal auditing department: (a) the results of the audit and management letters and any reports of the independent auditor with respect to any interim period; and (b) any significant difficulties encountered during the course of audit work, including: (i) management's response; (ii) any restrictions on the scope of work or access to required information; and (iii) the nature and extent of any significant changes in accounting principles or the application therein.
- (j) The Committee shall:

- (i) obtain and review a formal written report by the independent auditor, at least annually, which report shall include descriptions of: (A) the independent auditor's internal quality-control procedures; (B) any material issues raised by the most recent internal quality control review, or peer review, or by any inquiry or investigation by governmental or professional authorities in the preceding five years respecting one or more independent audits carried out by the firm; (C) any steps taken to deal with such issues; (D) all relationships between the independent auditor and the Company; and (E) any other relationships that may adversely affect the independence of the auditor;
 - (ii) assess the independence of the independent auditor, including that of the independent auditor's lead partner, based on a review of the written report and recommend to the Board that it take appropriate action in response to the report to satisfy the independence requirements;
 - (iii) establish policies and procedures for the engagement of the outside auditors to provide non-audit services; determine whether the outside auditor's performance of any non-audit services is compatible with the outside auditor's independence; and approve all significant non-audit engagements with the independent auditor.
 - (iv) evaluate the qualifications, experience, performance and independence of the senior members of the independent auditor team, including that of the independent auditor's lead partner, taking into consideration the opinions of management and the internal auditors; present its conclusions with respect to such evaluations to the full Board;
 - (v) set clear hiring policies for employees or former employees of the independent auditors; and
 - (vi) assure the regular rotation of the lead audit partner as required by law, and consider whether there should be regular rotation of the independent auditing firm itself, in order to assure continuing independence of the independent auditor.
- (k) The Committee shall have the ultimate authority and responsibility to select (or recommend annually for

shareholder approval), evaluate and, where appropriate, replace the outside auditor and shall approve all audit engagement fees and terms.

- 3.4 The Committee shall:
- (a) review the appointment, replacement, reassignment or dismissal of the senior internal auditing executive; and
 - (b) oversee the internal audit department's responsibilities, budget and staffing, and the planned scope of the internal audit.
- 3.5 The Committee shall obtain reports that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Business Code of Ethics.
- 3.6 The Committee shall review reports and disclosures of insider and affiliated party transactions.
- 3.7 The Committee shall advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Business Code of Ethics.
- 3.8 The Committee shall establish 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.
- 3.9 The Committee annually shall provide a report for inclusion in the Company's proxy statement in accordance with applicable law and regulation.
- 3.10 The Committee shall provide from time-to-time affirmation, confirmation, certification and information to the New York Stock Exchange as is required by the rules of such organization with respect to the Committee, its membership and its operation.
- 3.11 The Committee shall make regular reports to the Board, and shall review with the Board any issues that arise 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.

- 3.12 The Committee shall review and reassess the adequacy of this Charter, at least annually.
- 3.13 The Committee shall annually evaluate its own performance.