

# **Sara Lee Corporation**

## **Audit Committee Charter**

### **Committee Structure and Operations**

The Sara Lee Corporation Audit Committee (“the Committee”) shall consist solely of independent Directors who are not employees of Sara Lee, each of whom shall satisfy the independence requirements of the Sarbanes-Oxley Act of 2002 (the “Act”) and the rules of the Securities and Exchange Commission, and the New York Stock Exchange, Inc. The Committee shall have at least three members. Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies. The Committee will typically meet at least four times each year and may use the services of outside experts and consultants to assist it in fulfilling its responsibilities. Sara Lee’s Vice President - Internal Audit will ensure that new Committee members receive an orientation and training as to matters dealt with by the Committee and provide administrative staff support to the Committee.

### **Committee Responsibilities**

The responsibilities of the Audit Committee are broadly defined to include:

- 1) assisting the Board of Directors:
  - a) in its oversight of the Corporation’s accounting and financial reporting principles and policies and internal audit controls and procedures;
  - b) in its oversight of the integrity of the Corporation’s financial statements and the independent audit thereof;
  - c) in its oversight of the Corporation’s compliance with legal and regulatory requirements and the Corporation’s compliance programs; and
  - d) in evaluating the qualifications, independence and performance of the outside auditors and the performance of the Corporation’s internal audit function;
- 2) preparing any reports required of the Committee by the rules of the Securities and Exchange Commission, including a report in the Corporation’s annual proxy statement;
- 3) selecting the Corporation’s outside auditors; and
- 4) evaluating its own performance on an annual basis.

The Committee shall have the sole authority and responsibility to select, evaluate and, if necessary, replace the outside auditors. The Committee also shall have the sole authority and responsibility to approve the fees of the outside auditors.

The function of the Audit Committee is oversight. The management of the Corporation is responsible for the preparation, presentation and integrity of the Corporation's financial statements. Management and the internal auditing department are responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The outside auditors are responsible for planning and carrying out a proper audit and reviews, including reviews of the Corporation's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures. The outside auditors shall report directly to the Audit Committee.

In fulfilling their responsibilities hereunder, it is recognized that members of the Audit Committee are not employees of the Corporation. It is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures. Each member of the Audit Committee shall be entitled to rely, to the maximum extent permitted under applicable law, on (i) the integrity of those persons and organizations within and outside the Corporation from which it receives information and (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of Directors). Such information shall include, but is not limited to, the certifications of the CEO and CFO required by the Securities and Exchange Commission and the New York Stock Exchange as well as the reports to the Committee on the due diligence processes which support said certifications.

### **Duties and Powers of the Audit Committee**

The Audit Committee shall have the following duties and powers:

- 1) Oversight of the Corporation's Relationship with the Outside Auditor
  - a) to retain, terminate, oversee and approve the compensation of the independent accounting firm that will serve as the outside auditors to audit the books, records and accounts of the Corporation and its subsidiaries with respect to each of their fiscal years (the "Annual Audit") or performing other audit, review or attest services;
  - b) to preapprove all auditing, review or attest services and permitted non-audit services (including the fees and terms thereof) in accordance with the Act;
  - c) to set clear hiring procedures for employees or former employees of the independent auditor who participated in any capacity in the audit of the Corporation;
  - d) to discuss the scope of the prospective Annual Audit and approve the proposed fees to be paid therefor with the outside auditors;

- e) to obtain and review, at least annually, a report from the outside auditors describing: the outside auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the the outside auditors, 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 outside auditors, and any steps taken to deal with any such issues; and all relationships between the outside auditors and the Corporation, as well as all relationships between the outside auditors and the Corporation's subsidiaries, affiliates and other related entities;
- f) to discuss with the outside auditors any relationships, services or material issues disclosed in the report referred to in paragraph 1(e) above that may have an impact on the objectivity, independence or competence of the Corporation's outside auditors and to take appropriate action in response to each report to satisfy itself of the outside auditors' objectivity, independence and competence;
- g) to obtain and review, prior to the completion of each Annual Audit, a report from the outside auditor, describing (i) all critical accounting policies and practices to be used, (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the outside auditors and (iii) other material written communications between the outside auditors and management, such as any management letter or schedule of unadjusted differences;
- h) to consider any reports or communications (and management's or the internal audit department's responses thereto) submitted to the Audit Committee by the outside auditors required by or referred to in Statement on Auditing Standards No. 61, as amended or supplemented;
- i) to obtain from the outside auditors assurance that the audit was conducted in a manner consistent with the procedures set forth in Section 10A of the Securities Exchange Act of 1934, as amended (the "Exchange Act");
- j) to resolve any disagreements between management and the outside auditors regarding financial reporting; and
- k) to review and evaluate the lead partner of the outside auditors and ensure the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.

## 2) Financial Statements and Disclosure Matters

- a) to review and discuss with management and the outside auditors the audited financial statements to be included in the Corporation's Annual Report on Form 10-K,

- including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations," prior to its filing and to review, outside of the presence of management, (i) the results of the Annual Audit with the outside auditors, including any problems or difficulties encountered by the outside auditors and management's response, (ii) the performance, competence and cooperation of the financial officers and staff of the corporate office and operating companies of the Corporation, respectively and (iii) the adequacy of the Corporation's internal auditing program and internal audit staff;
- b) to review and discuss with management and the outside auditors the Corporation's interim financial results to be included in the Corporation's quarterly reports on Form 10-Q, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations," prior to the filing of the reports;
  - c) to discuss with management and the outside auditors significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles;
  - d) to discuss with management quarterly and year-end earnings announcements (including the use of "pro forma" or "adjusted" non-GAAP information) prior to their release. Such discussions may be done generally, consisting of discussing the types of information to be disclosed and the types of presentations to be made. The Chair of the Committee, or his or her designee from the Committee, may represent the entire Audit Committee for purposes of reviewing earnings press releases;
  - e) to review, at least annually, management's procedures and policies to implement and maintain adequate and effective internal accounting controls in the Corporation and review management's programs to assure compliance with the Foreign Corrupt Practices Act of 1977 and accounting and financial record keeping provisions under the Exchange Act and other federal and state laws, and discuss any significant issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies;
  - f) to review, at least annually, (i) the material reserves established for contingent liabilities of the Corporation and its subsidiaries, (ii) the Corporation's major financial risk exposures and the Corporation's policies for managing such risks and (iii) any "off-balance sheet" transaction or off-balance sheet assets or liabilities;
  - g) to review compliance by management with the existing major accounting and financial policies of the Corporation, and to review the Corporation's policies with respect to risk assessment and risk management;
  - h) following the completion of the review of the Annual Audit to meet separately with the outside auditors and management for the purpose of discussing and clarifying any

issues and questions raised by the outside auditors with respect to the Annual Audit and to report the Audit Committee's findings on any such issues to the Board of Directors within 60 days after the completion of such meetings; and

- i) to review the due diligence process for the CEO and CFO certifications for the Form 10-K and Form 10-Q.

3) Oversight of the Corporation's Internal Audit Function

- a) to review the appointment and replacement of the Vice President-Internal Audit (or other appropriate employee) who has direct responsibility for the internal audit function of the Corporation;
- b) to advise the Vice President-Internal Audit (or other appropriate employee) that he or she is expected to provide to the Audit Committee copies of the significant reports to management prepared by the internal auditing department and management's responses thereto or, as appropriate, summaries of such reports and responses;
- c) to review with the Vice President-Internal Audit the scope of the internal audit plan, particularly in relation to the planned scope of the outside audit; and
- d) to review with the Vice President-Internal Audit (or other appropriate employee) outside of the presence of the outside auditors (i) the results of audits performed by the internal audit staff during the immediately preceding fiscal year, (ii) the independence from management of the internal audit function and (iii) the overall performance of the internal audit staff.

4) Compliance and Other Oversight Responsibilities

- a) to be available from time to time to receive, or at the discretion of the Chairman of the Audit Committee to meet with respect to, reports, suggestions, questions or recommendations from the outside auditors, the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer, the Vice President-Internal Audit or the General Counsel of the Corporation (or other appropriate officers or employees), respectively, relating to the responsibilities and functions of the Audit Committee;
- b) to oversee and review compliance with procedures adopted by the Committee for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters, and to review these procedures at least annually and implement appropriate changes;
- c) to review this Charter at least annually and recommend any changes to the Board of Directors;

- d) to report its activities to the Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate;
- e) to consult with management regarding the promotion of ethical business behavior, including the administration of the Corporation's Global Business Practices program;
- f) to conduct an annual performance evaluation of the Audit Committee; and
- g) in addition to the meetings contemplated above, to meet separately, periodically, with management, with the Vice President-Internal Audit, and with the outside auditors, as appropriate.

The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.

#### **Authority of Audit Committee**

The Audit Committee shall have the authority, and access to the resources and funding, necessary to discharge its responsibilities, including, without limitation, the authority, as it deems appropriate in its sole discretion, to engage outside auditors for special audits, reviews and other procedures and to retain special counsel and other experts and consultants.

Dated January 30, 2003; last amended on August 25, 2004.