



## **Audit Committee Charter**

**September 15, 2009**

## **Purpose**

The Audit Committee (the “Committee”) is appointed by the Board of Directors to assist the Board in monitoring:

- a. The quality and integrity of the Company’s annual and quarterly financial statements, including its financial accounting principles and policies and its internal controls over financial reporting;
- b. the qualifications, independence and performance of the Company’s independent auditor;
- c. the performance of the Company’s internal audit function;
- d. the compliance with legal and regulatory requirements; and
- e. the other responsibilities set out herein.

## **Authority**

The Committee has the resources and authority necessary to discharge its duties and responsibilities, including conducting or authorizing investigations into any matters within its scope of responsibility. Such authority includes but is not limited to the power to:

- a. Retain and compensate public accounting firms, outside counsel, experts or other advisors, consultants or others to assist in the conduct of an investigation or as it determines appropriate to advise or assist in the performance of its functions;
- b. gain full access to officers, employees or other advisors to assist in the performance of its duties; and
- c. have complete access to all books, records and facilities of the Company, as necessary.

## **Composition**

The Committee shall have at least three members, each of whom shall meet the independence and expertise requirements of the New York Stock Exchange and the Securities and Exchange Commission, and as determined by the Board. The Board, after due consideration of the recommendation of the Nominating, Governance and Compliance Committee, shall appoint the members of the Committee and designate its Chair. Committee members may not serve on more than two additional audit committees of other public companies without the approval of the full Board of Directors. The Committee Chair has the authority to convene meetings, set agendas, delegate sub-Committees and determine the Committee’s information needs.

Each member of the Committee will be financially literate, as determined by the Board. At least one member of the Committee will qualify as an “Audit Committee financial expert,” as defined by the Securities and Exchange Commission.

## **Meetings**

The Committee shall meet at least six times a year, and may meet additionally as it deems necessary or appropriate in its judgment, either in person or telephonically. The Audit Committee shall meet at least quarterly with management, the senior internal auditor, ombudsman and the independent auditor in separate executive sessions.

## **Responsibilities**

The responsibilities of the Audit Committee include:

### *Oversight and Review of Financial Statements and Related Matters*

The Committee shall meet to review and discuss, as determined to be appropriate, with management, the senior internal auditor and the independent auditor:

- 1) the annual audited and quarterly unaudited financial statements, including the “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and recommend to the Board whether the audited or unaudited financial statements should be included in the annual report on Form 10-K or quarterly report on Form 10-Q, as appropriate;
- 2) earnings press releases and corporate policies with respect thereto, as well as financial information and earnings guidance provided to analysts and rating agencies;
- 3) the process for the CEO and CFO quarterly certification of financial statements;
- 4) significant financial reporting issues and judgments made by management in connection with the preparation of the Company’s financial statements;
- 5) the Company’s significant financial and accounting policies and practices, including any principles of accounting proposed or promulgated by regulatory authorities, and any significant issues or changes regarding the Company’s accounting principles and financial statement presentation;
- 6) any material financial or non-financial arrangements that do not appear on the financial statements of the Company;
- 7) matters required to be communicated by the independent auditor in accordance with applicable auditing standards and Securities and Exchange Commission regulations related to the conduct of the audit;
- 8) the results of the audit or reviews conducted by the independent auditor, which should include a review of any audit problems or difficulties encountered by the independent auditor in the course of the audit work and management’s response, including any restrictions on the scope of activities or access to required personnel or information, and any disagreements with management; and
- 9) the Company’s major financial and accounting risk exposures and related policies and practices to assess and control such exposures, and assist the Board in fulfilling its

oversight responsibilities regarding the Company's policies and guidelines with respect to risk assessment and risk management.

*Oversight of the Independent Auditor and the Audit Process*

- 1) Annually retain, subject to the affirmative vote of a majority of the votes cast by shareholders, evaluate and, if appropriate, recommend termination of the Company's independent auditor. The Committee shall be directly responsible, in its capacity as a Committee of the Board, for the appointment, compensation, oversight and evaluation of performance of the work of the independent auditor. In addition, the Committee will review and evaluate the performance of the auditor's lead audit partner. The Committee shall approve in advance all audit engagement fees and the terms of all audit services to be provided by the independent auditor. The Committee shall establish policies and procedures for the engagement of the independent auditor to provide permissible non-audit services, which shall include pre-approval of such services. These policies and procedures shall also govern the appointment and oversight of any other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Committee will periodically review services and fees paid to other public accounting firms.
- 2) At least annually, obtain and review a report from the independent auditor describing any relationships between the auditor and the Company and any other relationships that may adversely affect the auditor's independence, consider the independence of the independent auditor, and otherwise take appropriate action to satisfy itself of the independence of the auditor, including considering whether the provision of non-audit services by the independent auditor is compatible with the auditor's independence.
- 3) Establish policies for the hiring by the Company of employees and former employees of the independent auditor.
- 4) At least annually, review the independent auditor's proposed audit scope and approach, including coordination of audit efforts with internal audit, to ensure the completeness of coverage and reduction of redundant efforts.
- 5) At least annually, obtain and review a report by the independent auditor describing its own internal quality-control procedures; any material issues raised by its most recent quality-control review or peer review; and any inquiry or investigation by governmental or professional authorities respecting any of its audits within the past five years, together with any steps taken to deal with any such issues.
- 6) On a regular basis, meet separately with the independent auditor to discuss any matters that the Committee or independent auditor believe should be discussed privately.

### *Oversight of the Internal Audit Function*

- 1) Select, monitor, evaluate, compensate and, if necessary, replace the senior internal auditor.
- 2) Review and approve with management and the senior internal auditor the internal audit charter, scope, responsibilities, plans, budget, staffing and organizational structure.
- 3) Review reports from the internal auditor regarding the results of internal audits and the results of investigations of allegations of thefts, defalcations or other matters.
- 4) The senior internal auditor will regularly attend all Committee meetings. At least quarterly, the Committee will meet separately with the senior internal auditor to discuss any matters that the Committee or senior internal auditor believes should be discussed privately.

### *Oversight of Compliance Matters*

- 1) Select, monitor, evaluate, compensate and, if necessary, replace the Company Ombudsman.
- 2) Advise the Board with respect to the Company's Guide to Ethical Conduct, and annually review and assess the adequacy of the Guide to Ethical Conduct and recommend any proposed changes to the Board. The Committee will discuss with management, the Company's senior internal auditor and the senior compliance officer their compliance with the Company's Guide to Ethical Conduct, including any insider and affiliated party transactions. Assess the Company's procedures to monitor compliance throughout the Company with the Guide to Ethical Conduct, review any requests for waivers, and make recommendations to the Board with respect to any waiver sought with respect to any Executive Officer or Director.
- 3) Review conflicts of interest of Board members and Senior Executives, in collaboration with the Nominating, Governance and Compliance Committee.
- 4) Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable law and regulations that may have a material impact on the Company's financial statements and advise the Board with respect to the Company's compliance with the Foreign Corrupt Practices Act.
- 5) Establish and review the effectiveness of procedures for the receipt, retention, resolution and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and for employees to make confidential and anonymous submissions of concerns regarding questionable accounting or auditing matters. This will include a review of management follow-up, including disciplinary action, for any actions of noncompliance.

### *Oversight of Internal Controls*

- 1) Periodically review with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- 2) Periodically review the adequacy and effectiveness of the Company's disclosure controls and procedures and the Company's internal controls, and significant changes in internal controls. The Committee is also responsible to review material control weaknesses, provide oversight of remediation actions and review management's and the independent auditor's conclusions regarding remediation efforts.
- 3) Consider the effectiveness of the Company's internal control over annual and interim financial reporting.
- 4) Oversee the scope of the internal auditor's and independent auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management responses.

### *Reporting*

- 1) Regularly report to the Board about Committee activities, issues and related recommendations, including the quality or integrity of the Company's financial statements, the performance and independence of the independent auditor, and the performance of the internal audit function, and maintain minutes or other records of Committee meetings and activities.
- 2) Report annually to the shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by regulators.

### *Other Responsibilities*

- 1) Assess annually the Committee's performance of the duties specified in this Charter and report its findings to the Board.
- 2) Annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board.