

## **AUDIT COMMITTEE CHARTER**

### **Membership and Organization**

The members of the Audit Committee shall be comprised of not less than three directors. The Committee shall meet the independence, financial experience and other requirements established by law, the rules and regulations of the Securities and Exchange Commission, and the New York Stock Exchange listing standards, and possess the personal characteristics appropriate to the Committee's role. The members of the Audit Committee shall be appointed by the Board upon the recommendation of the Governance Committee. Audit Committee members may be replaced by the Board.

### **Objective**

The Committee shall meet regularly to fulfill, and assist the Board of Directors' oversight of, their responsibilities to monitor (1) the quality and integrity of the Corporation's consolidated financial statements and Management's financial control of operations, (2) the qualifications, independence and performance of the independent accountants, (3) the role and performance of the internal audit function, and (4) the Corporation's compliance with legal and regulatory requirements. In performing its duties, the Committee shall maintain effective working relationships with the Board of Directors, Management, the internal auditors and the independent accountants.

The Committee's authorities and responsibilities as set forth herein are intended to assist it and the Board of Directors in its monitoring and oversight role. It remains the responsibility of Management to prepare complete and accurate financial statements in accordance with GAAP, to maintain financial control of operations and assure compliance with laws and regulations. It remains the responsibility of the independent accountants to plan and conduct the annual audit and express their opinion on the consolidated financial statements in accordance with professional standards.

### **Authority**

The Committee shall oversee the work of the other participants in the financial reporting and financial control process. To facilitate that role:

- It is expressly recognized that the independent accountants report directly to the Committee. The Committee, in its capacity as a committee of the Board, has the sole authority and direct responsibility to select, appoint, retain, compensate, oversee, and where appropriate, terminate and replace the independent accountants for the purpose of preparing or issuing an audit report or related work. The Committee shall determine appropriate funding for the payment of (i) compensation to the independent accountants, (ii) compensation to any advisers employed by the Committee, and (iii) ordinary

administrative expenses of the Committee that are necessary or appropriate in carrying out its duties, and the Corporation shall provide such funding.

- The Committee (i) shall have unrestricted access to the Corporation's personnel and records and will be given the resources to discharge its duties, (ii) may conduct investigations into matters brought to its attention during the conduct of its duties and may meet with the Corporation's outside counsel and General Counsel, and retain for advice or assistance special legal, accounting or other consultants or advisers having special competence, as it determines necessary or appropriate to carry out its duties and at the Corporation's expense, and (iii) may advise the independent accountants, the internal Audit Services Vice President and any other participant in the financial reporting and financial control process that they may at any time communicate directly with the Committee on a confidential basis.
- The activities and findings of the Committee shall be reported to the Board and minutes of Committee meetings shall be prepared and sent to each member of the Board.

## **Responsibilities**

1. **Financial Reporting**: Monitor and make recommendations concerning the integrity of the consolidated financial statements and related disclosures made by Management, and Management's procedures to comply with laws and regulations governing such statements and disclosures. Without limitation, the Committee shall:

- (a) Review, approve and preapprove, as applicable, the scope and extent of services to be provided by the independent accountants during the year, including their audit examination and staffing for the audit, permissible non-audit services, and audit, audit-related, tax, and all other fees. Except as prohibited by law and at the discretion of the Committee, the Chair of the Committee may represent the Committee for the purpose of such preapprovals.
- (b) Review factors related to the independence of the independent accountants. This shall include (i) ensuring receipt on a periodic basis, of a formal written statement from the independent accountants delineating all relationships between the independent accountants and the Corporation consistent with Independence Standards Board Standard No. 1 ("Independence Discussions with Audit Committees") as may be modified or supplemented, (ii) reviewing audit and all other fees and considering whether the provision of services is compatible with maintaining the independence of the independent accountants, (iii) actively engaging in dialogue with the independent accountants with respect to any disclosed relationships or services which may impact the objectivity and independence of the independent accountants, and (iv) taking appropriate action in response to the independent accountants' report to satisfy itself of the independent accountants' independence.

- (c) Meet to review and discuss with Management and the independent accountants, the audited annual consolidated financial statements, prior to filing the Form 10-K, and the quarterly financial statements, prior to filing the Form 10-Q, including reviewing the Corporation's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." Without limiting the Committee, this review shall encompass major issues regarding accounting and auditing principles and practices, significant financial reporting issues, and judgments made in connection with the preparation of the consolidated financial statements, major difficulties or disagreements with Management which occurred in the course of the audit, as well as any other matter to be discussed with the independent accountants, pursuant to § SAS 61 ("Codification of Statements on Auditing Standards, AU § 380") as may be modified or supplemented.
- (d) Recommend to the Board of Directors, based on its review and discussions referred to in 1(b) – (c) whether the audited consolidated financial statements should be included in the Company's Annual Report on Form 10-K.
- (e) Assess and discuss the recommendations contained in the independent accountants' "Report to Management" and obtain and review any other required reports from the independent accountants.
- (f) Review a report from the independent accountants on their quality control procedures and any issues raised in most recent peer reviews and internal reviews, and governmental or professional authorities' investigations within the preceding five years.
- (g) Inquire of the independent accountants whether they have become aware of any items relating to Section 10A of the Private Litigation Reform Act (e.g., detection of material illegal acts or material related party transactions) during the course of their procedures.
- (h) If the year-end earnings press release is published prior to the Committee meeting envisioned in 1(c), or a quarterly press release is published prior to a scheduled Committee meeting, review and discuss with Management and the independent accountants the year-end or quarterly financial results as well as earnings press releases prior to the issuance of the earnings press release, as well as financial information and earnings guidance provided to analysts and ratings agencies. Such discussion may be done generally (i.e., discussion of the types of information to be disclosed and the type of presentation to be made). The Committee need not discuss in advance each instance in which the Corporation may provide financial information or earnings guidance. At the discretion of the Committee, the Chair of the Committee may represent the Committee for the purpose of this review.
- (i) Review and monitor the process Management has established to ensure the integrity of interim reporting and review and discuss the interim results with

Management, and the quarterly review procedures with the independent accountants, prior to the issuance of the quarterly earnings press release. At the discretion of the Committee, the Chair of the Committee may represent the Committee for the purpose of this review.

- (j) Review major changes to the Corporation's accounting principles, including critical accounting policies, as proposed by Management.
- (k) Review periodically the impact of significant accounting or reporting developments which may affect the Corporation.
- (l) Review periodically with Management the Corporation's major financial risk exposures and the steps Management has taken to monitor, manage and mitigate such exposures.
- (m) Review and resolve any disagreements or audit problems or difficulties between Management and the independent accountants regarding financial reporting.
- (n) Ensure that the lead and concurring partners on the audit engagement rotate off the engagement after five consecutive years and, upon rotation, be subject to a five-year cooling off period before they may return to the engagement. Other audit partners on the audit engagement team shall rotate after no more than seven years and be subject to a two-year cooling off period.

2. Internal Accounting Control: Monitor and make recommendations concerning the effectiveness of the Corporation's system of internal controls. Without limitation, the Committee shall:

- (a) Review the appointment and replacement of the Internal Audit Services Vice President.
- (b) Review and evaluate the activities, organizational structure, qualifications and performance of the Internal Audit Department.
- (c) Inquire of the Internal Audit Services Vice President and the independent accountants the extent to which individually each of their planned audit scopes can be relied on to detect material weaknesses in internal controls, the occurrence of fraudulent financial reporting, and in the case of the independent accountants, illegal acts as contemplated by Section 10A of the Securities Exchange Act of 1934.
- (d) Review the Corporation's disclosure controls and procedures and internal control over financial reporting, including the process for the CEO and CFO quarterly certifications required by the SEC. Such review shall include a consideration of major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles and any reports by the CEO and CFO regarding major issues

as to the effectiveness of the Corporation's disclosure controls and procedures and internal control over financial reporting.

- (e) Review and discuss with Management and the independent accountants any major issues as to the adequacy of the Corporation's internal control over financial reporting, any special steps adopted in light of material control deficiencies, and the adequacy of disclosures about changes in internal control over financial reporting.
  - (f) Review and discuss (i) with Management (including the internal Audit Services Vice President) the Corporation's annual report on internal control over financial reporting, and (ii) with the independent accountants their attestation of the report, prior to filing of the Corporation's Form 10-K.
3. Performance of Independent Accountants: Review and evaluate the qualifications and performance (including their compliance with independence requirements) of the independent accountants.
4. Corporate Compliance: Monitor and make recommendations concerning the Corporation's procedures to maintain effective controls against employee conflict of interest and fraud and comply with related laws. Without limitation, the Committee shall:
- (a) Review Management's program to monitor compliance with the Corporation's Code of Conduct and the Foreign Corrupt Practices Act.
  - (b) Review the policies and procedures in effect for the review of officer expenses and purchases.
  - (c) Review the findings of any relevant examinations by the Securities and Exchange Commission.
  - (d) Set hiring policies for employees or former employees of the independent accountants.
5. Performance Review: Perform an annual review and evaluation of the performance of the Committee.
6. Charter Recommendation: Annually review and assess the adequacy of the Committee Charter and make recommendations to the Board of Directors relating to the Committee's Charter and the Committee's core meeting agenda for the upcoming year.
7. Private Meetings: Meet privately on a regular basis with representatives of the independent accountants, Management (for example the Chief Financial Officer and the Chief Accounting Officer) and the Internal Audit Department.
8. Audit Committee Report: Ensure preparation of the report required by the Securities and Exchange Commission to be included in the Corporation's annual proxy statement.

9. Complaint Procedures: Establish procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and (ii) confidential anonymous submissions by employees of the Corporation of concerns regarding questionable accounting or auditing matters.