

## **APPLICA INCORPORATED AUDIT COMMITTEE CHARTER**

### **Purpose**

The purpose of the Audit Committee shall be (1) to assist the Board of Directors in its oversight of:

- the integrity of the financial statements of the Company;
- the Company's compliance with legal and regulatory requirements;
- the independent auditor's qualifications and independence; and
- the performance of the Company's internal audit function and independent auditors;

and (2) to prepare an Audit Committee Report as required by the Securities and Exchange Commission to be included in the Company's Annual Proxy Statement.

### **Duties and Responsibilities**

The Audit Committee shall have the following duties and responsibilities:

1. To discuss the Company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and all matters required to be reviewed under applicable legal, regulatory or New York Stock Exchange requirements.
2. To discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
3. To review the Company's financial reporting and accounting standards and principles, significant changes in such standards or principles, or in their application, and the key accounting decisions affecting the Company's financial statements, including alternatives to, and the rationale for, the decisions made.
4. To review with the independent auditor its judgments as to the quality, not just the acceptability, of the Company's accounting principles and such matters as are required to be discussed with the Audit Committee under generally accepted accounting principles.
5. To recommend, for shareholder approval, the independent auditor to examine the Company's accounts, controls and financial statements.
6. To be directly responsible for the appointment, compensation, retention, evaluation, termination and oversight of the work of the Company's independent auditor. The Committee shall be directly responsible for overseeing the work of the independent auditor (including resolution of disagreements between management and the auditor

regarding financial reporting) for the purpose of preparing and issuing an audit report or performing other audit, review or attest services for the Company. The Company's independent auditor shall report directly to the Audit Committee.

7. To establish policies and procedures for the review and pre-approval of all audit and non-audit services provided to the Company by the independent auditor (including the fees and terms thereof), with exceptions for de minimis amounts under certain circumstances as described by law. The Committee has the sole authority to approve all engagement fees and terms, as well as all significant non-audit engagements with the independent auditor.
8. At least annually, to obtain and review a report by the independent auditor describing (a) the firm's internal quality-control procedures and (b) any material issues raised by the most recent internal quality-control review, or peer review, of the 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 firm, and any steps taken to deal with such issues.
9. To review at least annually all relationships between the independent auditor and the Company in order to assess the independence of the auditor.
10. To review and discuss with the independent auditor (a) its audit plans, and audit procedures, including the scope, fees and timing of the audit; (b) the results of the annual audit examination and accompanying management letters; and (c) the results of the independent auditor's procedures with respect to interim periods.
11. To review and evaluate the qualifications, performance and independence of the independent auditor and of the lead audit partner of the independent auditor and present its conclusions with respect to the independent auditor to the full Board not less than annually.
12. To review with management and the independent auditor, as appropriate, any audit problems or difficulties encountered in the course of the audit work and management's response thereto, including any restrictions on the scope of the independent auditor's activities or on access to requested information and any significant disagreements with management.
13. To set clear hiring policies for employees or former employees of the independent auditors.
14. To review and approve the internal audit staff function, including (a) purpose, authority and organizational reporting lines; (b) annual audit plan, budget and staffing; and (c) concurrence in the appointment and compensation of the Director of the Internal Audit Department.

15. To review with the management, the independent auditor, the Director of the Internal Audit Department, or such others as the Audit Committee deems appropriate, (a) the adequacy and effectiveness of the Company's internal controls (including any significant deficiencies and significant changes in internal controls reported to the Audit Committee by the independent auditor or management); (b) the Company's internal audit procedures and internal system of audit and financial controls and (c) the adequacy and effectiveness of the Company's disclosure controls and procedures, and management's report thereon.
16. To review policies and procedures with respect to executive officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the Internal Audit Department or the independent auditor.
17. To review and approve related party transactions.
18. To discuss policies with respect to risk assessment and risk management, including the Company's major financial risk exposure and steps taken by management to monitor and mitigate such exposure.
19. To establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or audit and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
20. To review and investigate any matters pertaining to the integrity of management, including conflicts of interest, or adherence to standards of business conduct as required in the policies of the Company. In connection with these reviews, the Committee shall meet, as deemed appropriate, with the Vice President – Legal and other company officers or employees.
21. To prepare and publish an annual Committee report in the Company's proxy statement.
22. At least annually, to review the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.
23. When appropriate, to designate one or more of its members to perform certain of its duties on its behalf, subject to such reporting to or ratification by the Audit Committee as it shall direct.
24. To perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

### **Membership**

- The Committee will have a minimum of three directors.
- All Committee members shall be "independent" directors as determined in accordance with the New York Stock Exchange and Securities and Exchange Commission rules and

regulations, and shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

- All members of the Committee shall be financially literate and have sufficient financial experience and ability to enable them to discharge their duties and responsibilities.
- At least one member of the Committee shall have accounting or related financial management expertise, as the Company's Board of Directors interprets such qualification in its business judgment.
- The Board will appoint the Committee members and a Chairman on an annual basis.
- The Board may fill vacancies on the Committee.
- The Board may remove a Committee member from the membership of the Committee at any time with or without cause.
- Committee members shall not serve simultaneously on the audit committee of more than two other public companies.

### **Meetings**

The Committee shall meet at least six times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee shall meet at least annually with management, the director of the Internal Audit Department and the independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed. The Committee may require any Company officer or employee or the Company's outside counsel or external auditor to attend a Committee meeting or to meet with any members of, or consultants to, the Committee, and to provide pertinent information, as necessary.

The Committee shall maintain minutes and other relevant documentation of all its meetings.

### **Consultants**

The Committee has sole authority to retain and terminate independent legal or accounting experts and other advisors of its selection as it determines necessary to carry out its duties and responsibilities, including sole authority to approve such consultant's fees and other retention terms.

### **Board of Directors**

The Committee shall report its actions and recommendations to the Board of Directors after each Committee meeting and provide copies of the minutes of the Committee meetings to the Board of Directors.

### **Annual Performance Evaluation**

The Committee shall perform an annual self-evaluation of the performance of its duties and responsibilities.

