

# CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

## I. Committee Purpose

The Audit Committee (“Committee”) is appointed by the Board of Directors to assist the Board in fulfilling its fiduciary and oversight responsibilities by monitoring (1) the integrity of the financial statements of the Company, (2) the independent auditor's qualifications and independence, (3) the performance of the Company's internal audit function and independent auditors, and (4) the compliance by the Company with legal and regulatory requirements.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the outside auditors as well as anyone in the organization. The Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

## II. Membership, Organization, Meetings and Reporting

1. The Audit Committee shall consist of at least three members who meet the requirements of the New York Stock Exchange regarding independence and financial knowledge.
2. The members of the Committee shall be appointed by the Board of Directors on the recommendation of the Governance & Nominating Committee for a term of one year at the annual organizational meeting. The Board will designate a chairman from the Committee's membership to preside over meetings.
3. The Committee will establish its meeting schedule, including executive sessions with management, the Director of Audit Services and the outside auditors, and shall meet at least quarterly.
4. The Committee will report, through its Chairman, its work and findings to the Board of Directors at its next regularly scheduled meeting following the Committee meeting, including any recommendations for Board actions when appropriate.

## III. Responsibilities and Duties

The Company's management is responsible for preparing the Company's financial statements and the outside auditors are responsible for auditing the financial statements. The Committee's role is one of oversight and it does not provide any expert assurance or certification as to the Company's financial statements or the work of the outside auditors or that of the internal auditors. The outside auditors and director of the internal audit function are, however, ultimately accountable to the Committee and the Board of Directors.

1. The Audit Committee shall have the sole authority to appoint or replace the independent auditor (subject, if applicable, to shareholder ratification), and shall approve all audit engagement fees and terms and all significant non-audit engagements with the independent auditors. The Audit Committee shall consult with management but shall not delegate these responsibilities.
2. The Committee, based on its reviews and discussions, will make a recommendation to the Board of Directors as to the inclusion of the Company's audited financial statements in the Company's Annual Report to the Securities and Exchange Commission on Form 10-K.
  - The Committee will meet to review and discuss with management and the outside auditors the Company's annual audited financial statements, quarterly financial

statement and Forms 10-K and 10-Q, including reviewing specific disclosures made in management's discussion and analysis.

- The Committee will discuss with the outside auditors the matters required to be discussed by the Statement of Auditing Standards No. 61.
  - Annually, the Committee will request disclosures from the outside auditors regarding the outside auditors independence as required by the Independence Standards Board No. 1.
3. The Committee will prepare a report to shareholders in accordance with the requirements of the Securities and Exchange Commission to be included in the annual proxy statement.
  4. The Committee, in consultation with management, the outside auditors and the internal auditors, will discuss the adequacy of the Company's internal controls over its financial reporting processes and compliance with designated laws in accordance with the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA).
  5. The Committee will discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
  6. The Committee will review the appointment, performance, and replacement of the Director of Audit Services.
  7. The Committee will review significant reports prepared by the internal auditor together with management's responses.
  8. Annually, the Committee will review with the Company's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
  9. Annually, the Committee will review and reassess the adequacy of the Charter and submit it to the Board for approval. The Committee will include a copy of the Charter as an appendix to the Company's proxy statements at least every three years, as required by the Securities and Exchange Commission regulations.

The Committee shall annually review its performance.