

## **Ampco-Pittsburgh Corporation**

### **AUDIT COMMITTEE CHARTER**

**Adopted by the Board of Directors on February 19, 2004, upon recommendation of the Audit Committee**

#### **Purpose**

The purpose of the Audit Committee is to assist the Board of Directors (the "Board") in its oversight and evaluation of:

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

In addition, the Audit Committee is charged with preparing an audit committee report as required by the Securities and Exchange Commission (the "SEC") to be included in the Corporation's annual proxy statement.

While certain duties and responsibilities of the Audit Committee are more specifically set forth below, the general function of the Audit Committee is oversight. Management of the Corporation is responsible for the preparation, presentation and integrity of the Corporation's financial statements. In addition, management is 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.

Each member of the Audit Committee may rely, to the extent reasonable, on the information, opinions, reports and statements of the Corporation's management, independent auditors and other advisors.

The independent auditors for the Corporation are ultimately accountable to the Board and the Audit Committee. The independent auditors shall submit to the Audit Committee and the Corporation annually a formal written statement delineating all relationships between the independent auditors and the Corporation ("Statement as to Independence"), addressing at least the matters set forth in Independence Standard No. 1 adopted by the Independence Standards Board.

## **Audit Committee Membership**

The Audit Committee shall consist of at least three Directors, all of whom shall have no material relationship to the Corporation and shall otherwise satisfy the applicable membership and independence requirements under Section 303A of the Listed Company Rules of the New York Stock Exchange, Inc. ("NYSE") and applicable law, including but not limited to Rule 10A-3 promulgated under the Securities Exchange Act of 1934 and related SEC guidance. All members of the Committee shall be financially literate in the business judgment of the Board, and at least one member shall have, in the business judgment of the Board, accounting or financial management expertise.

The members of the Audit Committee shall be appointed at least annually by the Board on the recommendation of the Nominating and Governance Committee of the Board (the "Nominating and Governance Committee"). In each case on the recommendation of the Nominating and Governance Committee, the Board may from time to time remove members of the Audit Committee and fill any resulting vacancy.

## **Meetings**

The Audit Committee shall hold at least four meetings per year and such additional meetings as the Audit Committee or its Chairperson shall determine.

In addition, the Audit Committee periodically should meet separately with representatives of the Corporation's management, the director of the Corporation's internal audit function and the Corporation's independent auditors to review and discuss the annual and quarterly reporting process and such other appropriate matters and to discuss any matters that the Audit Committee or any of those persons or firms believes should be discussed privately.

The Audit Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

## **Committee Duties and Powers**

To carry out its oversight responsibilities, the Audit Committee shall have the following duties and powers:

*Independent Auditor.* The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged by the Corporation for the purpose of preparing or issuing an audit report or performing other audit review or attest services for the Corporation, including resolution of disagreements between the Corporation's management and the auditor regarding financial reporting. Each such accounting firm must report directly to the Audit Committee. In this oversight role, the Audit Committee shall:

- pre-approve all audit engagement fees and terms and non-audit engagements by the Corporation's independent auditors in accordance with the policy attached hereto as Exhibit A;
- ensure that the Corporation's independent auditors prepare and deliver annually the Statement as to Independence (it being understood that the independent auditors are responsible for the accuracy and completeness of this Statement);
- actively engage the Corporation's independent auditors in a dialogue with respect to any relationships or services disclosed in this Statement that may impact the objectivity and independence of the auditors and take appropriate action (or recommend that the full Board take appropriate action) to satisfy itself of the auditors' independence;
- at least annually, obtain, review and report to the full Board with respect to a report by the Corporation's independent auditors describing:
  - the internal quality control procedures maintained by the outside auditing firm serving as the Corporation's independent auditor;
  - any material issues raised by the most recent internal quality-control review or peer review of such outside auditing 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 such outside auditing firm, and any steps taken to deal with any such issues; and
  - all relationships between such outside auditing firm and the Corporation (to assess the auditors' independence).
- maintain a clear understanding with management and the person(s) responsible for the internal audit function, on the one hand, and the Corporation's independent auditors, on the other, regarding the ultimate accountability of the independent auditors;
- meet with the Corporation's independent auditors to discuss the planning and staffing of the annual audit and the results of their examination and their evaluation of internal controls and the overall quality of financial reporting;
- evaluate the qualifications, performance and independence of the Corporation's independent auditors, including an evaluation of the lead partner of the independent auditors and of whether the auditors' quality controls are adequate, in each case taking into account the opinions of management;
- assure the regular rotation of the independent auditors' lead and concurring audit partners serving on the Corporation's audit engagement team, as well as the rotation of any other persons on the Corporation's audit engagement team who fall within the

definition of “audit partner,” as defined by applicable SEC regulation, in each case as required by applicable law;

- consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the Corporation’s independent auditing firm itself on a regular basis; and
- present its conclusions with respect to the independent auditors to the full Board.

Internal Audit Function. With respect to the Corporation’s internal audit function, the Audit Committee shall:

- review the appointment and/or replacement of the director of the internal audit function or, at the discretion of the Board, select and contract with an outside accounting firm to serve as the Corporation’s internal auditors and perform the Corporation’s internal audit function;
- advise the director of the internal audit function that he or she is expected to provide to the Audit Committee summaries of and, as appropriate, the significant reports to management prepared by the person(s) performing the internal audit function and management’s responses thereto and review such reports;
- discuss with the Corporation’s independent auditors responsibilities of the person(s) performing the internal audit function, the budget and staffing relative to the Corporation’s internal audit function and any recommended changes in the planned scope of the Corporation’s internal audit; and
- recommend to the Board policies for the Corporation’s hiring of employees or former employees of the Corporation’s independent auditors who were engaged on the Corporation’s account, consistent with any restrictions on such employment imposed by applicable SEC regulation or other applicable law.

Financial and Disclosure Matters. As a general matter, while the fundamental responsibility for the Corporation’s financial statements and disclosures rests with management and the Corporation’s independent auditors, the Audit Committee must review:

- major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation’s selection or application of accounting principles;
- any major issues as to the adequacy of the Corporation’s internal controls and any special audit steps adopted in light of material control deficiencies;
- analyses prepared by management and/or the Corporation’s independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the Corporation’s financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;

- the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation;
- the type and presentation of information to be included in the earnings press releases of the Corporation (paying particular attention to any use of “pro forma” or “adjusted” non-GAAP information);
- any financial information and earnings guidance provided to analysts and rating agencies; and
- the Corporation’s policies with respect to risk assessment and risk management.

The Audit Committee shall meet with the Corporation’s independent auditors, with and (where deemed necessary) without representatives of management and the person(s) performing the internal audit function present, to:

- discuss the scope of the annual audit;
- review with the independent auditor any problems or difficulties encountered by the auditor in the course of the audit work and management’s response, including with respect to:
  - any restrictions on the scope of the independent auditor’s activities or access to requested information;
  - any significant disagreements with management;
  - any accounting adjustments that were noted or proposed by the auditor but were “passed”;
  - any communications between the audit team and the audit firm’s national office respecting auditing or accounting issues presented by the engagement; and
  - any “management” or “internal controls” letter issued or proposed to be issued.
- review and discuss the Corporation’s annual audited financial statements and the Corporation’s disclosures in Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”);
- review and discuss the Corporation’s quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditors’ review of the quarterly financial statements, and the Corporation’s disclosures in MD&A;
- review any disclosure relating to non-audit services performed for the Corporation by the Corporation’s independent auditors required to be included in the Corporation’s periodic reports;

- review and discuss any reports or communications (and management's and/or the person(s) performing the internal audit function's responses thereto, submitted to the Audit Committee by the Corporation's independent auditors required by or referred to in SAS 61 (as codified by AU Section 380) as the same may be modified or amended;
- discuss the effect of applicable regulatory and accounting initiatives on the Corporation's financial statements;
- review and discuss any material off-balance sheet transactions and their effect on the Corporation's financial statements;
- discuss any other significant matters arising from any audit or report or communication, whether raised by management, the person(s) performing the internal audit function or the Corporation's independent auditors, relating to the Corporation's financial statements;
- determine whether any accounting restatement results from material non-compliance with SEC financial reporting requirements;
- discuss significant changes to the Corporation's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the Corporation's independent auditors, the internal audit department or management; and
- inquire about significant risks and exposures, if any, and the steps taken to monitor and minimize such risks;
- review the form of opinion the Corporation's independent auditors propose to render to the Board and the Corporation's shareholders; and
- review the form of attestation report on management's assessment of internal control over financial reporting to the extent required by applicable SEC regulation to be included in the Corporation's annual report.

In addition, the Audit Committee shall discuss with the Corporation's management including, as appropriate, the director of its internal audit function:

- the results of management's quarterly evaluation of the effectiveness of the Corporation's disclosure controls and procedures, including any weaknesses in such controls and procedures identified by the Corporation's management and proposed responses by management to any such weaknesses, and management's disclosure regarding the effectiveness of such controls and procedures to the extent required by applicable SEC regulation to be included in the Corporation's quarterly or annual reports;

- the results of management's annual evaluation of the effectiveness of the Corporation's internal controls over financial reporting, including any weaknesses in such controls identified by the Corporation's management and proposed responses by management to any such weaknesses;
- the form and content of management's report on internal control over financial reporting and any other disclosure regarding internal controls to the extent required by applicable SEC regulation to be included in the Corporation's annual report; and
- the results of management's quarterly evaluation of any changes in the Corporation's internal controls over financial reporting, including the extent to which any such changes have materially affected, or are reasonably likely to materially effect, the Corporation's internal control over financial reporting, and any related disclosure.

Finally, the Audit Committee also shall discuss with the Corporation's counsel or other appropriate Corporate officer any significant legal matters that may have a material effect on the financial statements, the Corporation's compliance policies, including material notices to or inquiries received from governmental agencies. In addition to and based on the foregoing, the Audit Committee shall recommend to the Board whether the audited financial statements should be included in the Corporation's Form 10-K.

Compliance Oversight. In addition to the foregoing responsibilities, to help ensure the Corporation's compliance with applicable SEC and other rules and regulations, the Audit Committee shall:

- obtain from the Corporation's independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended;
- Review and reassess the adequacy of the Corporation's Code of Business Conduct and Ethics for directors, officers and employees and Code of Ethics for its senior financial officers and recommend any proposed changes to the Board for approval;
- obtain reports from management, the Corporation's senior auditing executive and the Corporation's independent auditor that the Corporation and its affiliated entities are in conformity with the applicable legal requirements of the Corporation's Code of Business Conduct and Ethics;
- review reports and disclosures of any insider and affiliated party transactions; and
- generally advise the Board with respect to the Corporation's policies and procedures regarding compliance with applicable laws and regulations and with the Corporation's Code of Business Conduct and Ethics.

Complaints. In accordance with Rule 10A-3 of the Exchange Act, the Audit Committee shall establish and maintain procedures for:

- the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters; and
- the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Qualified Legal Compliance Committee. In addition to the foregoing duties and responsibilities, the Audit Committee shall serve as the Corporation's Qualified Legal Compliance Committee for purposes of Section 307 of the Sarbanes-Oxley Act of 2002 and related SEC regulations.

Investigations. The Audit Committee shall have the authority, in its discretion, to conduct any investigation appropriate to fulfilling its responsibilities, including with respect to any matter brought to its attention with respect to compliance with the Corporation's Code of Business Conduct and Ethics or Code of Ethics for senior financial officers, through the complaint procedures described above or in its capacity as the Corporation's Qualified Legal Compliance Committee.

Reports to the Board. The Audit Committee shall make regular reports to the Board.

Audit Committee Charter. The Audit Committee shall review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.

Self-Evaluation. The Audit Committee shall conduct an annual self-performance evaluation.

Authority to Engage Outside Advisors. The Audit Committee shall have the authority to engage independent counsel and other advisors, as it deems necessary to carry out its duties.

Other Duties. The Audit Committee also shall perform such additional duties and have such additional responsibilities and functions as the Board from time to time may determine.

## **Funding**

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board, for payment of:

- compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;
- compensation of any advisors employed by the Audit Committee to assist the Audit Committee in carrying out its duties; and
- ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.



## **Reports of the Committee**

At each regular meeting of the Board, the Audit Committee shall report the substance of all actions taken by the Audit Committee since the date of its last report to the Board. Each report shall be filed with the minutes of the Board to which it is presented, as a part of the corporate records.

Exhibit A to the Audit Committee Charter

**AUDIT COMMITTEE POLICY FOR APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITOR**

*This Policy for Approval of Audit and Non-Audit Service Provided by the Independent Auditor was adopted by the Audit Committee of Ampco-Pittsburgh Corporation on April 22, 2003*

WHEREAS, pursuant to its charter, this Committee represents the Corporation's Board of Directors in discharging its responsibility relating to the accounting, reporting and financial practices of the Corporation and its subsidiaries, and this Committee is responsible to recommend to the Corporation's Board of Directors the appointment, retention or discharge of the independent public accountants as auditors of the Corporation, which accountants ultimately are accountable to the Corporation's Board of Directors through this Committee;

WHEREAS, this Committee desires to have a policy which will apply to the Corporation, which includes all subsidiaries, branches and other entities directly or indirectly owned by the Corporation that are included in the Corporation's consolidated financial statements; and

WHEREAS, pursuant to its charter and the Sarbanes-Oxley Act of 2002, this Committee is responsible to pre-approve all services performed for the Corporation by the Corporation's auditors, and certain services may not, under any circumstances, be performed for the Corporation by its auditors.

NOW, THEREFORE, BE IT RESOLVED, that the Corporation's independent auditor, may not be engaged to perform for the Corporation, and is prohibited from performing for the Corporation, any service enumerated in Section 201(a) of the Sarbanes-Oxley Act of 2002 and as listed on Annex A except as may otherwise be provided by law or regulation;

FURTHER RESOLVED, that the independent auditor may perform no services for the Corporation, whether associated with audit or non-audit functions, unless the services to be provided have been approved prior to their performance by this Committee, except as may otherwise be provided by law or regulation;

FURTHER RESOLVED, that the performance for the Corporation by the independent auditor of the services set forth on Annex B to these resolutions be, and it hereby is, approved;

FURTHER RESOLVED, that authority to grant any pre-approval sought from this Committee pursuant to these resolutions, beyond the approval provided herein, hereby is delegated to the Audit Committee chairman, acting alone; provided, however that no such pre-approval may be granted with respect to any service proposed to be performed for the Corporation by the independent auditor that either is prohibited pursuant to Section 201(a) of the Sarbanes-Oxley Act of 2002 or otherwise appears reasonably likely to compromise the independent auditor's independence in the chairman's best judgment; and provided further that any pre-approval granted pursuant to this delegation of authority will be reviewed with the Committee at its next regularly scheduled meeting, and

RESOLVED, that this policy is to be approved annually by this Committee or more frequently as necessary due to changes in statute or regulatory rule making.

**Prohibited Services**

The Corporation may not engage the Independent Auditor to provide the non-audit services described below to the Corporation.

1. **Bookkeeping or Other Services Related to the Corporation's Accounting Records or Financial Statements.** The Independent Auditor cannot maintain or prepare the Corporation's accounting records or prepare the Corporation's financial statements that are either filed with the SEC or form the basis of financial statements filed with the SEC.
2. **Appraisal or Valuation Services or Fairness Opinions.** The Independent Auditor cannot provide appraisal or valuation services when it is reasonably likely that the results of any valuation or appraisal would be material to the Corporation's financial statements, or where the Independent Auditor would audit the results.
3. **Management Functions or Human Resources.** Partners and employees of the Independent Auditor cannot act as a director, officer, or employee of the Corporation, or perform any decision-making, supervisory, or ongoing monitoring function for the Corporation. The Independent Auditor cannot recruit, act as a negotiator on the Corporation's behalf, deliver employee testing or evaluation programs, or recommend, or advise that the Corporation hire, a specific candidate for a specific job.
4. **Broker-Dealer, Investment Advisor, or Investment Banking Services.** The Independent Auditor cannot serve as a broker-dealer, promoter or underwriter of an audit client's securities.
5. **Legal Services and Expert Services Unrelated to the Audit.** The Independent Auditor cannot provide any service in which the person providing the service must be admitted to practice before the courts of a U.S. jurisdiction.
6. **Internal Audit Outsourcing.** The Independent Auditor cannot provide any internal audit services relating to accounting controls, financial systems, or financial statements.
7. **Financial Information Systems Design and Implementation.** The Independent Auditor cannot design or implement a hardware or software system that aggregates source data underlying the financial statements or generates information that is significant to the Corporation's financial statements, taken as a whole.

**AUDIT AND ACCOUNTING SERVICES AND AUDIT-RELATED SERVICES**

- Annual audit of the Corporation's consolidated financial statements, including quarterly reviews, consultation on accounting issues, system control work, report reviews (Form 10-K, annual report, etc.), attendance at Audit Committee meetings, preparation of management letter, use of specialists in connection with the foregoing and other services integral to audits of and expressing opinions on the Corporation's financial statements
- Assistance related to implementation of new accounting standards
- Audits of opening balance sheets of acquired companies and accounting consultations on acquisitions and proposed acquisitions where such services would otherwise be performed in the audit of the Corporation's consolidated financial statements
- Services related to procedures used to support the calculation of the gain or loss from dispositions and discontinued operations
- Compliance letters, agreed upon procedures, reviews and similar reports related to audited financial statements
- Audits of financial statements and transactions included in consolidated financial statements that are used by lenders, filed with government and regulatory bodies and similar reports, including affiliate transaction audits
- Services that result from the role of the independent auditor such as reviews of SEC filings, consents, letters to underwriters and other services related to financings that include audited financial statements
- Assistance in reviews and tests of internal control and other systems
- Employee benefit plan audits where fees are paid by the Corporation
- SAS 70 attestation reports
- Electronic accounting research services
- Foreign statutory audits and other regulatory reports
- Assistance with tax accrual related issues
- Assistance with tax accounting for specific transactions
- Merger and acquisition due diligence services

## **TAX SERVICES**

- Tax return preparation, review, consultation and assistance
- Tax controversy services
- Tax planning services
- Tax consulting services
- Expatriate tax services
- Transfer pricing tax services
- Employee Benefit tax services
- Tax co-sourcing tax opinions