

## **AUDIT AND FINANCE COMMITTEE CHARTER**

### **I. Purpose**

The Audit and Finance Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Committee advises the Board concerning audit and finance matters including (a) assisting the Board's oversight of (1) the integrity of the Corporation's financial statements, (2) the Corporation's compliance with legal and regulatory requirements, (3) the Corporation's independent auditor's qualifications and independence, and (4) the performance of the Corporation's independent auditor and the Corporation's internal audit function, and (b) preparing the report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Corporation's annual proxy statement.

### **II. Composition**

The Committee is comprised of three or more Directors each of whom qualifies as an independent Director under the listing standards of the New York Stock Exchange and federal securities laws requirements ("Independent Directors"). Members of the Committee are nominated by the Nominating and Governance Committee and are elected for one-year terms by a majority of the Board. Vacancies on the Committee are filled by majority vote of the Board. A majority vote of the Independent Directors is required to remove a member of the Committee.

At least one member of the Committee must have accounting or related financial management expertise and at least one member of the Committee must be a "financial expert" in each case as determined by the Board in accordance with the rules

and regulations promulgated by the SEC. In addition, every member of the Committee must be, or become within a reasonable period after his or her appointment to the Committee, "financially literate" as determined by the Board.

Members of the Committee may not accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries, other than Director's fees. Compensatory fees do not include the receipt of fixed compensation under a retirement plan (including deferred compensation) for prior service with the Corporation, provided such compensation is not contingent on continued service. In addition, members of the Committee may not be an affiliated person of the Corporation or any of its subsidiaries.

### **III. Responsibilities**

The Committee has the following duties and responsibilities:

- a) To consider and advise the Board regarding significant financial matters of the Corporation, including major capital expenditures, financing activities and policies regarding dividends, capital structure and the use of derivative financial instruments.
- b) To directly appoint, retain, compensate, evaluate and, if necessary, terminate the Corporation's independent auditor (including resolving disagreements between management and the auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit review or attest services for the Corporation.

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- 1) The Committee may not delegate its responsibilities under subparagraph (b) to Management.
  - 2) The Corporation's independent auditor will report directly to the Committee.
  - 3) The Committee will pre-approve all audit services and non-audit services that are provided to the Corporation by the independent auditor.
  - 4) The Committee will not engage the Corporation's independent auditor to perform any non-audit services prohibited by law or regulation.
  - 5) The Committee may delegate pre-approval authority to a member of the Committee. The Committee member to whom pre-approval authority is delegated by the Committee will present any decisions to the full Committee at its next scheduled meeting.
- c) To annually obtain and review a report prepared by the independent auditor describing:
- 1) the independent auditor's internal quality-control procedures;
  - 2) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, 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 any such issues; and
  - 3) all relationships between the independent auditor and the Corporation.
- d) To set the Corporation's policy for hiring employees or former employees of the Corporation's independent auditor.
- e) To discuss the annual audited financial statements and quarterly financial statements with Management and the independent auditor, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Committee will also discuss any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. As the Committee deems appropriate, the chairperson of the Committee may stand in for the entire Committee for purposes of discussing the Corporation's quarterly report with Management and the independent auditor.
- f) To annually discuss with the independent auditor and the internal auditor the overall scope and plans for their respective audits. The Committee will discuss with the CEO, CFO, the independent auditor and the internal auditor the adequacy and effectiveness of internal controls, disclosure controls and procedures, accounting and reporting practices, and the Corporation's processes for assessing and managing risk.
- g) To meet with Management, the independent auditor and the internal auditor separately on at least a quarterly basis in order to foster open and candid discussions including issues and concerns that may warrant Committee attention.

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- h) To review on a regular basis with the independent auditor and Management any problems or difficulties they encountered during their audit work, including Management's response with respect thereto, any restrictions on the scope of their activities or access to requested information, and any significant disagreements with Management.
- i) To receive reports from the independent auditor and Management on the critical policies and practices of the Corporation, and alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management.
- j) To review Management's determination on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditor's report on internal controls.
- k) To discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- l) To discuss the Corporation's guidelines and policies governing risk assessment and risk management and the process by which each is handled.
- m) To 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) the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- n) With the assistance of Management, to prepare the Committee report that is included in the Corporation's annual proxy statement, as required by SEC regulations.
- o) On an annual basis, to review and as necessary update, the Committee's charter.
- p) After each of its meetings, to deliver a report to the Board including a description of all actions taken by the Committee at each meeting. In addition, the Committee will regularly report to the Board regarding any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's independent auditor, or the performance of the internal audit function.
- q) To determine the appropriate level of funding the Corporation must provide to compensate the Corporation's independent auditor for preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, to compensate any independent advisors that the Committee may employ, and to pay for any of the Committee's ordinary administrative expenses that are necessary or appropriate in carrying out its responsibilities.

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### **IV. Subcommittees**

The Committee has the authority to appoint subcommittees to carry out any of its responsibilities and to delegate thereto such power and authority as it deems appropriate, but the Committee shall not delegate any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

### **V. Evaluation of the Committee**

The Committee will annually evaluate its performance under this charter. The Committee will address all matters that the Committee considers relevant to its performance, including the adequacy, quality and appropriateness of the information and recommendations presented by the Committee to the Board. The Committee will report to the Board the results of its evaluation, including any recommended amendments to this charter and any recommended changes to the Corporation's or the Board's policies and procedures.

### **VI. Outside Advisors**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may engage, at the Corporation's expense, such independent counsel and other advisers, as it determines necessary to carry out its responsibilities without seeking Board approval.