



MeadWestvaco Corporation  
**AUDIT COMMITTEE CHARTER**

**Authority**

The Board by resolution dated January 30, 2002, established the Audit Committee and adopted its Charter. The Charter was first amended by a resolution of the Board dated January 28, 2003 and was further amended by a resolution of the Board dated October 26, 2004.

**Purpose**

The Committee is appointed by the Board to assist the Board in fulfilling its responsibilities to the shareholders, potential shareholders and investment community relating to corporate accounting, reporting practices of the company and the quality and integrity of the financial reports of the company. In so doing, it is the responsibility of the Committee to maintain free and open means of communication between the directors, the independent auditors, the internal auditors and management of the company. The Committee shall fulfill its duties by reviewing and monitoring: (1) the integrity of the financial statements of the company and internal controls over financial reporting, (2) the compliance by the company with legal and regulatory requirements, (3) the independence and qualifications of the company's independent auditors and (4) the performance of the company's internal audit function and independent auditors. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the company's policies (including the company's Code of Conduct), procedures and practices at all levels.

**Composition**

The Committee shall have a minimum of three directors. The Board, upon recommendation of the Nominating and Governance Committee, shall appoint the Committee members and a Chairman. The Board may fill vacancies on the Committee. All Committee members shall possess the independence and other qualifications required by the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934 and the rules and regulations of the Securities and Exchange Commission (the "Commission"). All members shall have sufficient financial experience and ability to enable them to discharge their responsibilities, and at least one member shall be an "audit committee financial expert" as defined by the Commission. Committee members shall not simultaneously serve on the audit committees of more than two other public companies. The Board may remove a member from the Committee with or without cause.

## **Meetings**

The Committee will meet at the call of its Chairman or the Chairman of the Board, whenever and as often as either of them determines, but not less frequently than quarterly. The Committee shall meet periodically in separate executive sessions with management, the internal auditor and the independent auditors, and have such other direct and independent interaction with such persons from time to time as the members of the Committee may deem appropriate. A majority of the Committee members will be a quorum for the transaction of business. The action of a majority of those present at a meeting at which a quorum is present will be the action of the Committee. Any action required to be taken at a meeting of the Committee will be deemed the action of the Committee without a meeting if all of the members executed, either before or after the action is taken, a written consent and the consent is filed with the Corporate Secretary. The Committee may form and delegate authority to subcommittees or to its Chairman when appropriate. The Chairman will report from time to time to the Board on Committee actions and on the fulfillment of the Committee's duties under its Charter. This Charter shall be posted on the company's website. The Committee Secretary (who will be the Corporate Secretary) or another designee of the Committee will be responsible for maintaining minutes of all Committee meetings, which will be available to all Board members, except as otherwise provided by the Committee.

## **Duties and Responsibilities**

The Committee shall make regular reports to the Board. While the Committee has the responsibilities and powers set forth in this Charter, management of the company is responsible for preparing the company's financial statements, and the independent auditors are responsible for auditing those financial statements. The Committee regularly reviews these matters with management and the independent auditors. The Committee recognizes that management of the company (including the internal audit staff), as well as the company's independent auditors, have more knowledge and detailed information about the company than the members of the Committee, and consequently, in carrying out its oversight responsibilities, the Committee of necessity, in significant measure, must rely on management of the company and its independent auditors. The Committee in carrying out its responsibilities believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

In discharge of its responsibilities, the Committee shall:

### **Documents/Reports Review**

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
2. Review the annual audited financial statements (including, without limitation, footnotes and the company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations") and major issues

with management, including those issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the company's financial statements, any special steps adopted in light of any material weaknesses or significant deficiencies in internal controls over financial reporting that may arise and the adequacy of disclosures about changes in internal controls over financial reporting. Such review shall take place prior to the publication of the annual audited financial statements and the Committee shall recommend to the Board whether to include the financial statements in the company's Annual Report to Shareholders and its Annual Report on Form 10-K.

3. Review and discuss with management (including the senior internal audit executive) and the independent auditors the company's report on internal controls over financial reporting and the report of the independent auditors on management's assessment of internal control over financial reporting and on the operating effectiveness of the company's internal control over financial reporting prior to the filing of the company's Form 10-K.
4. Review with management and the independent auditors the company's quarterly financial statements (including, without limitation, footnotes and the company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations") prior to the filing of its Form 10-Q.
5. Review and discuss periodic reports from the independent auditors on: (a) all critical accounting policies and practices of the company; (b) all alternative treatments of financial information within accounting principles generally accepted in the United States of America (GAAP) that have been discussed with management, the implications of the use of such alternative disclosures and treatments, and the auditor's view of the treatment adopted or recommended; (c) significant deficiencies and material weaknesses in internal controls noted by the company or by the independent auditors and (d) other material communications between the independent auditors and management, such as any management letter; schedule of significant deficiencies and material weaknesses in internal controls; or schedule of unadjusted differences.

### **Financial Reporting Process**

6. Discuss with management and the independent auditors significant financial reporting issues, accounting estimates and judgments made in connection with the preparation of the company's annual and interim financial statements.
7. Review disclosures made to the Committee by the company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the company's internal controls.

8. Review with management the company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information. The Chairman of the Committee may represent the entire Committee for purposes of this review.
9. Review any off-balance sheet transactions, special purpose entities and transactions by and between affiliated companies.
10. Periodically review and discuss financial information and earnings guidance provided to analysts and rating agencies. The foregoing shall supplement the Finance Committee's periodic review of investor relations activities.
11. Meet periodically with management to review the company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the company's risk assessment and risk management policies.
12. Review major changes to the company's application of accounting principles and auditing practices as suggested by the independent auditors, internal auditors and management.
13. Review the company's disclosure controls and procedures, and management's assessment thereof.

### **Independent Auditors**

14. Have sole authority to appoint or replace the independent auditors (subject to shareholder ratification) and be directly responsible for determining the compensation and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting, including internal controls over financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditors shall report directly to the Committee.
15. Obtain and review a report from the independent auditors at least annually regarding the independent auditors' internal quality-control procedures, any material issues raised within the preceding five years by the auditing firm's internal quality-control review, by peer reviews of the firm, or by any governmental or other inquiry or investigation (including by the Public Company Accounting Oversight Board) relating to any audit conducted by the firm, any steps taken to deal with such issues, and all relationships between the independent auditors and the company.
16. Review and evaluate the lead partner of the independent auditor team, and ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the

audit as required by law and the concurring audit partner (and also consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the auditing firm on a regular basis).

17. Pre-approve all auditing services, internal control-related services and permitted non-audit services (including the fees and terms thereof) to be performed for the company by its independent auditors, subject to the *de minimis* exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934 which are approved by the Committee prior to the completion of the audit. The Committee may delegate to the Chairman the authority to pre-approve such non-audit services between regularly scheduled meetings provided that such approvals are reported to the Committee at the next Committee meeting.
18. Obtain and review periodic written reports at least annually from the independent auditors regarding the auditors' independence and discuss such reports with the auditor. Evaluate the qualifications, performance, and independence of the independent auditors, including considering whether the auditors' quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditors' independence, taking into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independence of the independent auditors to the Board.
19. Recommend to the Board policies for the company's hiring of employees or former employees of the independent auditors who participated in any capacity in the audit of the company.
20. Meet with the independent auditors prior to the annual audit to review the planning and staffing of the audit.
21. Obtain from the independent auditors assurance that it will inform the company's management concerning any information coming to the auditor's attention indicating that an illegal act has or may have occurred, and assure that such information has been conveyed, as appropriate, to the Committee.
22. Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit.
23. Review with the independent auditors any problems or difficulties the auditor may have encountered and any management letter provided by the auditor and the company's response to that letter. Such review should include:
  - (a) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required personnel or information and any disagreements with management;
  - (b) any changes required in the planned scope of the internal audit; and
  - (c) the internal audit department's support of the annual independent audit.

## **Internal Audit**

24. Review the adequacy of the global corporate audit function, approve the appointment and replacement of the senior internal auditing executive and review the adequacy of the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.
25. Review the company's internal system of audit and financial controls and significant reports to management prepared by the internal auditing department and management's responses.

## **Ethical and Legal Compliance**

26. Advise the Board with respect to the company's policies and procedures regarding compliance with applicable laws and regulations and with the company's Code of Conduct.
27. Discuss with management, the company's General Counsel or senior internal auditing executive and, if appropriate, the independent auditors any condition which comes to their attention indicating that the company or its subsidiaries and affiliated entities, domestic and foreign, are not conforming to applicable legal requirements or the company's Code of Conduct.
28. Establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Chairman of the Committee should review and ensure appropriate action is taken on any significant complaints received, and the status of outstanding concerns will be appropriately reported by the Chairman of the Committee to the Board.
29. Review with management, the company's General Counsel and, if appropriate, the independent auditor matters that may have a material impact on the company's financial statements, the company's compliance policies or internal controls, any material reports or inquiries received from regulators or governmental agencies and any published reports that raise material issues regarding the company's financial statements or accounting policies.

## **Regulatory Compliance**

30. Prepare the Committee report required by the rules of the Commission to be included in the company's annual proxy statement.
31. Meet at least annually with the company's financial management, the senior internal auditing executive, and the independent auditors in separate executive sessions.

32. Assess annually the Committee's performance of the duties specified in this charter and report its findings to the Board.

### **Consultants and Others to Assist Audit Committee**

The Committee shall have the authority to retain such independent legal, accounting or other advisors as it may deem appropriate in its sole discretion. The company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditors for the purpose of rendering or issuing an audit report or performing other approved services for the company, and to any advisors employed by the Committee. The Committee may also request any officer or employee of the company, or the company's outside counsel or independent auditors, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

October 26, 2004