



Finance and Audit Committee Charter

Organization

There shall be a committee of the board of directors (Board) of the Midwest Reliability Organization (MRO or Company) known as the Finance and Audit Committee (Committee). This Charter shall govern the Committee with regard to its duties and responsibilities.

Purpose

The Committee shall report to the Board. The purposes of the Committee are to:

1. Assist the Board in the discharge of its responsibility to monitor the component parts of the audit process and the integrity of the Company's financial reporting.
2. Provide independent communication between the Board and the external auditor.
3. Monitor the independence of the external auditor to ensure the external auditor remains ultimately accountable to the Board and the Committee.
4. Maintain the quality, credibility, and objectivity of financial reports and satisfy itself as to the adequacy of the supporting systems of internal accounting controls; monitor the Company's defined contribution plan, benefits, and other legal and regulatory matters of a financial concern.
5. Ensure that the external independent auditor conducts a review of management's internal control structure and confirms that the review is consistent with the size and complexity of the organization.
6. Oversee the implementation and operation of the Corporate Compliance and Ethics Program.

Responsibilities

In carrying out the above purposes, the Committee shall:

1. Review the Company's annual financial statements. This review will include:
 - a. Discussions with management and the external auditor and a consideration of a report by the external auditor to the Committee of matters related to the conduct of the audit.
 - b. Discussions with the external auditor with respect to the auditor's judgment with regard to:
 - i. both the acceptability and quality of the financial statements,
 - ii. the selection of changes in significant accounting policies,
 - iii. the method used to account for significant unusual transactions,
 - iv. the effect of significant accounting policies in controversial or emerging areas,
 - v. the degree of aggressiveness or conservatism, as the case may be, of the accounting policies adopted by the Company,
 - vi. the process used by management in formulating particularly significant accounting estimates, and
 - vii. the basis for the external auditor's conclusions regarding the reasonableness of those estimates.
 - c. Review significant adjustments arising from the audit.
 - d. Review disagreements with management over the application of accounting policies and the disclosures in the financial statements.
 - e. Review the external auditor's suggestions for improvements to the Company's operations and internal controls.



transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of the such year.

14. Report to the Board annually on activities, findings, and conclusions of the Committee.
15. Review MRO's annual Form 990 tax filing. This includes posting the draft filing for board member comments prior to being filed with the IRS.
16. Review the Committee Charter. Any changes shall be approved by the Committee and recommended for approval to the Governance and Personnel Committee.
17. Review all finance related board policies and procedures. Any changes shall be approved by the Committee and recommended for approval to the Governance and Personnel Committee.
18. Review any substantive changes to the internal compliance and ethics document for appropriateness.
19. Review the business insurance coverage and any recommended changes or additions as deemed necessary by Company staff or its advisors.
20. Perform such other functions as may be delegated from time to time by the Board.

Membership

The Committee shall be comprised of the vice chair of the Board, and seven other Board members appointed by the Board chair, two of whom will be Independent Directors. The financial officer of the corporation will be a nonvoting ex officio member. The vice chair of the Board shall chair the Committee. Other members of the Committee shall be appointed by the chair of the Board to serve a term of two years or until successors shall be duly appointed and qualified. Terms shall be staggered so that the terms of all members shall not expire in the same year. If a member of the Committee resigns before the end of his or her term, a replacement shall be appointed by the chair of the Board for the duration of the term.

Meetings

The Committee shall meet quarterly, or more frequently as circumstances dictate. The chair of the Board, the chair of the Committee, or a majority of the Committee members may call meetings of the Committee.

A quorum of the Committee consists of five of its members. A simple majority of the Committee may approve an action. In the case of a tie vote, the question will be presented to the MRO Board of Directors for its decision.