

AUDIT COMMITTEE CHARTER

ROLE OF THE AUDIT COMMITTEE

The Audit Committee shall assist the Board of Directors in fulfilling its oversight responsibilities in the areas of financial reporting, corporate governance and corporate control. It shall review the financial reporting process, the system of internal control and management of financial risks, the audit process and CEU's process for monitoring compliances with laws and regulations and its own code of business conduct.

Detailed duties/responsibilities of the Committee are provided for in Section 2.2.2.1.2 of CEU's Manual on Corporate Governance, to wit:

- Check all financial reports against their compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements.
- Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;
- Pre-approve all audit plans, scope and frequency at least one (1) month before the conduct of external audit.
- Perform direct interface functions with the internal and external auditors.
- Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:
 - a. A definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (IAS) compliant.
 - b. An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
- Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the company through step-by-step procedures and a policies handbook that will be used by the entire organization.

Pertinent provisions of the SEC Code of Corporate Governance shall also apply.

AUTHORITY OF THE AUDIT COMMITTEE

The Board authorizes the Audit Committee, within the scope of its responsibilities, to seek information it requires from any officer and employee and third parties, to obtain outside legal or professional advice, and to require the attendance of University officers at its meetings as appropriate.

FUNCTIONS OF THE AUDIT COMMITTEE

The Audit Committee shall have the following functions:

1. Provide assurance that financial disclosures made by Management reasonably portray CEU's financial condition, results of operations, plans and long term commitments.
2. Ensure that CEU is in reasonable compliance with laws and regulations, conducting affairs ethically and maintaining effective controls against employee conflict of interest and fraud.
3. Understand CEU's key financial reporting risk areas and system of internal control, monitor the operations of the internal auditing function and provide oversight on the external auditors.

RELATIONSHIP WITH MANAGEMENT, INTERNAL AUDITORS AND EXTERNAL AUDITORS

In performing its duties, the Audit Committee shall maintain effective working relationships with Management as well as the internal and external auditors. Management is responsible for the sustainability of the whole organization and accountability for the organization's actions, conduct and performance to the stakeholders, regulatory agencies and the general public. The primary objective of the overall management process is to achieve relevant, reliable and credible financial and operating information. The Internal Auditor provides reasonable assurance on the reliability and effectiveness of CEU's control and governance processes while external auditors provide reasonable assurance on the financial reporting control environment.

QUALIFICATIONS OF AUDIT COMMITTEE MEMBERS

The Audit Committee shall be comprised of at least three (3) members of the Board who are independent of the day to day management of CEU, one of whom shall be an independent director, and have the necessary expertise to perform their oversight function effectively. Each member shall obtain an understanding of the detailed responsibilities of committee membership as well as CEU's business operations and risks. The Chairman and members of the Committee shall be nominated by the Board and shall be appointed for a term of one (1) year. The independent director shall be the committee chairman.

COMMITTEE MEETINGS

Regular meetings of the Audit Committee shall be held quarterly or as often as needed, to be set by the Chairman in consultation with the members. Special meetings may be convened as required. The Committee may invite to its meetings the President/CEO, Chief Finance Officer, or such other persons as it deems necessary. The Internal Auditor and external auditors shall make presentations to the Audit Committee as appropriate. The proceedings of the meetings shall be reflected in the minutes, a copy of which shall be furnished to the Board of Directors.

***Adopted by the Audit Committee and Approved by the Board on
May 30, 2003**