

# STEWART INFORMATION SERVICES CORPORATION

## CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

### **I. Purpose**

The Audit Committee is appointed by the Board of Directors ("Board") to assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the independent auditor's qualifications and independence, (3) the performance of the Company's internal audit function and independent auditors, and (4) the compliance by the Company with legal and regulatory requirements.

The Audit Committee shall prepare any reports of the Audit Committee required by the rules of the Securities and Exchange Commission ("Commission") to be included in the Company's annual proxy statement.

### **II. Committee Membership**

The Audit Committee shall consist of no fewer than three members. The members of the Audit Committee shall meet the independence and experience requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934 ("Exchange Act") and the rules and regulations of the Commission. At least one member of the Audit Committee shall be an "audit committee financial expert" as defined by the Commission. Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies without Board approval.

The members of the Audit Committee shall be appointed by the Board. Audit Committee members may be replaced by the Board.

### **III. Meetings**

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Audit Committee shall meet periodically with management, the internal auditors and the external auditors in separate executive sessions. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or external auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

### **IV. Committee Authority and Responsibilities**

The Audit Committee shall have the sole authority to appoint or replace the independent auditor (subject, if applicable, to shareholder ratification). The Audit Committee shall be directly responsible for the compensation and oversight of the work of the external auditors (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The

external auditors shall report directly to the Audit Committee.

The Audit Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its external auditors, subject to the *de minimus* exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the external auditors for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Audit Committee shall annually review the Audit Committee's own performance and the Chairman of the Audit Committee shall report its conclusions to the Board.

The Audit Committee, to the extent it deems necessary or appropriate, shall:

#### Financial Statement and Disclosure Matters

1. Review and discuss with management and the external auditors the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.

2. Review and discuss with management and the external auditors the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the external auditors' review of the quarterly financial statements.

3. Discuss with management and the external auditors significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

4. Review and discuss quarterly reports from the external auditors on:

(a) All critical accounting policies and practices to be used.

(b) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors.

(c) Other material written communications between the external auditors and management, such as any management letter or schedule of unadjusted audit differences.

5. Discuss with management the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

6. Discuss with management and the external auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.

7. Discuss with management and the internal and external auditors 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.

8. Discuss with the external auditors the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any problems or difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management and management's response.

9. Review disclosures made to the Audit Committee by the Company's Co-CEOs 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 or its operations.

#### Oversight of the Company's Relationship with the External Auditors

10. Review and evaluate the lead partner and other members of the audit team of the external auditors.

11. Obtain and review a report from the external auditors at least annually regarding (a) the external auditors' internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, resulting from 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, (c) any steps taken to deal with any such issues, and (d) all relationships between the external auditors

and the Company. Evaluate the qualifications, performance and independence of the external 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, and taking into account the opinions of management and internal auditors. The Audit Committee shall present its conclusions with respect to the external auditor to the Board.

12. Ensure the rotation of the audit partners as required by law.

13. Set clear policies for the Company's hiring of employees or former employees of the external auditors who participated in any capacity in the audit of the Company.

14. Discuss with the national office of the external auditors issues on which the national office was consulted by the Company's audit team and matters of audit quality and consistency.

15. Meet with the external auditors prior to the audit to discuss the planning and staffing of the audit.

#### Oversight of the Company's Internal Audit Function

16. Review the appointment and replacement of the senior internal auditing executive.

17. Review the significant reports to management prepared by the internal auditing department and management's responses.

18. Discuss with the external auditors and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.

#### Compliance Oversight Responsibilities

19. Obtain from the external auditors assurance that Section 10A(b) of the Exchange Act (regarding auditor independence) has been complied with.

20. Obtain reports from management, the Company's senior internal auditing executive and the external auditors that the Company and its subsidiaries and foreign affiliated entities are in conformity with applicable legal requirements and the Company's Standards and Procedures of Business Conduct and Ethics and Code of Ethics for Chief Executive Officers, Principal Financial Officer and Principal Accounting Officer. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Standards and Procedures of Business Conduct and Ethics and Code of Ethics for Chief Executive Officers, Principal Financial Officer and Principal Accounting Officer.

21. 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.

22. Discuss with management and the external auditors any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.

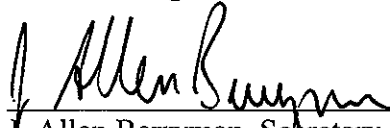
23. Discuss with the Company's General Counsel legal matters that may have a material impact on the Company's financial statements or compliance policies or engage independent counsel and other advisers, as it determines necessary to carry out its duties.

#### **V. Limitation of Audit Committee's Role**

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the external auditors.

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As adopted by the Board of Directors  
and including all amendments through February 18, 2009

  
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J. Allen Berryman, Secretary