

LEUCADIA NATIONAL CORPORATION

AUDIT COMMITTEE CHARTER

This Audit Committee Charter (this “Charter”) was adopted by the Board of Directors (the “Board”) of Leucadia National Corporation (the “Company”) on March 9, 2004, effective April 1, 2004.

This Charter is intended as a component of the flexible framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Certificate of Incorporation and By-Laws, it is not intended to establish by its own force any legally binding obligations.

I. PURPOSE

The Audit Committee (the “Committee”) shall assist the Board in fulfilling its responsibility to oversee management regarding: (i) the conduct and integrity of the Company’s financial reporting to any governmental or regulatory body, the public or other users thereof; (ii) the Company’s systems of internal accounting and financial and disclosure controls; (iii) the qualifications, engagement, compensation, independence and performance of the Company’s independent auditors, their conduct of the annual audit, and their engagement for any other services; (iv) the Company’s legal and regulatory compliance; (v) the Company’s codes of ethics as established by management and the Board; and (vi) the preparation of the audit committee report required by rules of the Securities and Exchange Commission (the “SEC”) to be included in the Company’s annual proxy statement.

In discharging its oversight role, the Committee is authorized: (i) to investigate any matter that the Committee deems appropriate, with access to all books, records, facilities and personnel of the Company; and (ii) to retain independent counsel, auditors or other experts, with adequate funding provided by the Company.

II. COMMITTEE MEMBERSHIP

The Committee shall consist of three or more members of the Board, each of whom has been determined by the Board to be “independent” in accordance with applicable rules of the SEC and the New York Stock Exchange. All members of the Committee shall meet the financial literacy requirements of the New York Stock Exchange and at least one member shall have accounting or related financial management expertise. No member of the Committee may serve on the audit committee of more than three public companies, including the Company, unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. Such determination shall be disclosed in the annual proxy statement.

III. COMMITTEE MEETINGS

The Committee shall meet on a regularly-scheduled basis at least four times per year or more frequently as circumstances dictate. The Committee shall meet at least quarterly

with management and shall meet in separate executive sessions with (i) management, (ii) the internal auditor (who may be a third party performing that function) and (iii) the independent auditor, in each case to provide the opportunity for full and frank discussion.

IV. KEY RESPONSIBILITIES

The Company's management is responsible for preparing the Company's financial statements and the independent auditors are responsible for auditing those financial statements. The Committee recognizes that Company management including the internal audit staff (or third party performing that function) and the independent auditors have more time, knowledge and detailed information about the Company than do Committee members. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditor's work.

The following responsibilities are set forth as a guide with the understanding that the Committee may diverge as appropriate given the circumstances. The Committee is authorized to carry out these and such other responsibilities assigned by the Board from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purpose, the Committee shall:

1. appoint (and if appropriate dismiss), evaluate, compensate and oversee (taking into account the opinions of management and the Company's internal auditor, where appropriate) the work of the independent auditor, who shall report directly to the Committee; and resolve any disagreements between management and the independent auditor regarding financial reporting;
2. review and pre-approve any audit and permitted non-audit services (including the fees and terms thereof) provided by the Company's independent auditors (with pre-approvals disclosed as required in the Company's periodic public filings);
3. review and discuss with management and the independent auditor: (i) the adequacy of the Company's internal and disclosure controls and procedures; (ii) any significant deficiencies in the design or operation of the Company's internal controls; (iii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and (iv) related findings and recommendations of the independent auditors together with management's responses;
4. review and discuss with management, including the Chief Financial Officer or Controller, the independent auditor and the internal auditor: (i) any significant findings during the year, including the status of previous audit recommendations; (ii) any audit problems or difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information; (iii) any changes required in

the scope of the audit plan; (iv) the audit budget and staffing; and (v) the coordination of audit efforts in order to monitor completeness of coverage, reduction of redundant efforts, and the effective use of audit resources;

5. review and discuss with management, including the Chief Financial Officer or Controller, and the independent auditor any significant risks or exposures and assess the steps management has taken to minimize such risks; and discuss with management, including the Chief Financial Officer or Controller and the independent auditor, and oversee the Company's underlying policies with respect to risk assessment and risk management;
6. establish and maintain procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
7. make recommendations in the appointment, reassignment, replacement, or dismissal of the Chief Financial Officer, Controller and head of internal audit;
8. review analyses prepared by the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of financial statements.
9. review periodically with counsel to the Company: (i) legal and regulatory matters that may have a material impact on the Company's financial statement; and (ii) the scope and effectiveness of compliance policies and programs;
10. review periodically with management the provisions of any code of business conduct and ethics (including the Company's policies and procedures concerning trading in Company securities and use in trading of proprietary or confidential information) applicable to directors and senior officers (including financial officers), including any waivers sought under such code; any waiver granted by the Committee shall be reported by the Committee to the Board;
11. review and discuss with management and the independent auditor (i) all critical accounting policies and practices used by the Company; (ii) any significant changes in Company accounting policies; (iii) any material alternative accounting treatments within GAAP that have been discussed with management, including the ramifications of the use of the alternative treatments and the treatment preferred by the accounting firm; and (iv) any accounting and financial reporting standards that may have a significant impact on the Company's financial reports;

12. review and discuss with management and the independent auditor any material financial or non-financial arrangements that do not appear on the financial statements of the Company;
13. review and approve, where appropriate, any transactions or courses of dealing with related parties (including, without limitation, significant shareholders, directors, executive officers or other members of senior management or their family members) that are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties;
14. review and address conflicts of interest of directors and executive officers;
15. review and discuss with the independent auditor: (i) any accounting adjustments that were noted or proposed by the auditors but were “passed” (as immaterial or otherwise), (ii) any “management” or “internal control” letter issued, or proposed to be issued, by the independent auditors to the Company or any other material written communications between the accounting firm and management, such as any management letter or schedule of “unadjusted differences;” and (iii) if requested by the Audit Committee or identified by the independent auditor any significant communications between the audit team and the audit firm’s national office respecting auditing or accounting issues presented by the engagement.
16. review the Company’s financial statements, including: (i) prior to public release, reviewing and discussing with management and the independent auditor the Company’s annual and quarterly financial statements to be filed with the SEC, including (a) the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” (b) any certifications regarding the financial statements or the Company’s internal accounting and financial controls and procedures and disclosure controls or procedures filed with SEC by the Company’s senior executive and financial officers and (c) the matters required to be discussed with the independent auditor by Statement of Auditing Standards Nos. 61, 90 and 100; (ii) with respect to the independent auditor’s annual audit report and certification, before release of the annual audited financial statements, meeting separately with the independent auditor without any management member present and discussing the adequacy of the Company’s system of internal accounting and financial controls and the appropriateness of the accounting principles used in and the judgments made in the preparation of the Company’s audited financial statements and the quality of the Company’s financial reports; (iii) meeting separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with the independent auditor; and (iv) making a recommendation to the Board regarding the inclusion of the audited

annual financial statements in the Company's Annual Report on Form 10-K to be filed with the SEC;

17. at least annually, review a report by the independent auditor describing: (i) the firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditor and the Company (to be set out in the formal written statement described below);
18. on an annual basis: (i) review a formal written statement from the independent auditor delineating all relationships between the independent auditor and the Company, consistent with Independence Standards Board Standard No. 1 (as modified or supplemented), discuss with the independent auditor its independence and take appropriate action in response to the independent auditor's report to satisfy itself of the auditor's independence; (ii) evaluate, and assure the regular rotation of, the lead audit partner as required by law, and consider whether, in the interest of assuring continuing independence of the independent auditor, the Company should regularly rotate its independent auditor; and (iii) set clear hiring policies for employees or former employees of the independent auditors;
19. prepare a report to be included in the Company's annual proxy statement stating whether or not the Committee: (i) has reviewed and discussed the audited financial statements with management; (ii) has discussed with the independent auditors the matters required to be discussed by SAS Nos. 61 and 90; (iii) has received the written disclosure and letter from the independent auditors (delineating all relationships they have with the Company) and has discussed with them their independence; and (iv) based on the review and discussions referred to above, the members of the Committee recommended to the Board that the audited financials be included in the Company's Annual Report on Form 10-K for filing with the SEC;
20. discuss with management and the independent auditor, as appropriate (but not necessarily in advance), earnings press releases and financial information and earnings guidance (including non-GAAP financial measures) provided to analysts and to rating agencies;
21. conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
22. review and reassess the adequacy of this Charter annually, and amend as the Committee deems appropriate; and

23. report regularly to the Board on any matters the Committee deems appropriate or the Board requests, and maintain minutes or other records of Committee meetings and activities.