

CHARTER
AUDIT COMMITTEE
OF THE
BOARD OF DIRECTORS OF PAPERWEIGHT DEVELOPMENT CORP.

(Adopted October 23, 2003)
(As revised December 9, 2009)

I. PURPOSE.

The purpose of the Audit Committee (the “Committee”) of the Board of Directors of Paperweight Development Corp. (the “Company”) is to assist the Board of Directors in its oversight of: the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company and its subsidiaries; the quality, accuracy, completeness and integrity of the consolidated financial statements of the Company and its subsidiaries; the qualifications and independence of the Company’s independent auditors; the performance of the Company’s independent auditors and the Company’s internal audit function; the Company’s compliance with applicable legal and regulatory requirements; and the Company’s adherence to appropriate ethical standards. The internal audit function and enterprise risk management department are used interchangeably throughout this Charter.

The Committee will also serve as the Company’s Qualified Legal Compliance Committee (the “QLCC”). (Refer to the Charter of the Qualified Legal Compliance Committee for details as to the purpose, composition and responsibilities of the QLCC.)

II. COMMITTEE COMPOSITION.

The Committee shall have at least 3 members and consist solely of “independent” directors. A director is “independent” if he or she satisfies the requirements for independence set forth in Rule 10A-3 (Listing Standards Relating to Audit Committees) promulgated under the Securities Exchange Act of 1934, as amended, and the requirements set forth in Rule 4200(a) of the National Association of Securities Dealers (“NASD”) Manual. The Board of Directors shall use its reasonable best efforts to ensure that at least one member of the Committee shall qualify as, and be deemed to be, an “audit committee financial expert” as defined by the rules of the Securities and Exchange Commission.

The members of the Committee will be appointed by the Board of Directors. The chairperson of the Committee will be the member of the Committee appointed by the Board of Directors from time to time to serve in such capacity. The Board may remove or reassign Committee members at any time. From time to time, the Corporate Governance Committee will review and recommend changes to the Committee composition. Any member of the Committee may resign, effective upon giving written notice to the chairperson of the Board, unless the notice specifies a later time for the effectiveness of the resignation.

III. MEETINGS, REPORTS AND FUNDING.

The Committee shall meet as frequently as the Committee deems necessary to carry out its duties and responsibilities, but the Committee shall meet at least four times each year. Meetings of the Committee may be called by the chairperson of the Committee or otherwise as provided in the by-laws of the Company.

The Committee shall maintain minutes of all its meetings and shall report regularly to the Board of Directors regarding the Committee's activities, findings, conclusions and recommendations, including any material issues that arise with respect to the accuracy, completeness or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the Company's adherence to appropriate ethical standards, the performance and independence of the Company's independent auditors and the performance of the Company's internal audit function.

The Committee shall permit, or require, the attendance of Company management personnel or other employees at its meetings as the Committee determines may be necessary or advisable from time to time.

The Committee, in its capacity as a committee of the Board of Directors, or the chairperson of the Committee, in his or her capacity as such, is authorized to direct the officers of the Company to provide for appropriate funding or payment of: (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (b) compensation to any advisers employed by the Committee and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

IV. RESPONSIBILITIES.

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board of Directors and to report the results of the Committee's activities to the Board of Directors. It is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete, accurate and prepared in accordance with accounting principles generally accepted in the United States. Management of the Company is responsible for preparing the Company's financial statements in accordance with accounting principles generally accepted in the United States and for designing and maintaining an appropriate system of financial reporting controls. The independent auditors are responsible for planning and conducting audits of the Company's financial statements to determine whether such financial statements present fairly in all material respects the operating results and financial position of the Company.

The Committee's responsibilities shall specifically include the following:

- A. Independent Auditors. The Committee shall have the sole authority and responsibility to select, retain, evaluate and, where appropriate, replace the Company's independent auditors; provided that the Committee may consult with the Company's senior management regarding these matters. (See Section IV.A.4., following.) With respect to the independent auditors, the Committee shall have the following additional specific responsibilities:
1. Approve all of the terms of engagement of the independent auditors, including the audit services within the scope of the engagement and the fees to be paid to the independent auditors, and review the appointment of, and fee arrangements with, any other public accounting firms employed by the Company for other specific purposes not directly related to the annual audit engagement.
 2. The Committee discusses with the independent auditors the scope of the annual audit, key risk areas, and approves significant modifications to the annual audit plan.
 3. Instruct the Company's independent auditors that they are to report directly to the Committee.
 4. Directly oversee the work of the Company's independent auditors with respect to the annual financial statement audit and quarterly financial statement reviews.
 5. At least annually, obtain and review a report by the independent auditors describing: (a) the independent audit firm's internal quality-control procedures, (b) 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, respecting one or more independent audits carried out by the firm, (c) any steps taken by the independent auditors to address any issues described in response to the requirements of subparagraph (b), and (d) all relationships between the independent auditors and the Company.
 6. The Committee receives from its independent auditors a formal written statement delineating all relationships between the auditor and the Company, consistent with PCAOB Rule 3526, *Communications with Audit Committees Concerning Independence*, and the Committee's responsibility for actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and for taking, or recommending that the full board take appropriate action to oversee the independence of the auditor.

7. The Committee receives all required communications from the independent auditor per PCAOB AU 380, Communication with Audit Committees (or SAS 61 as amended).
8. At least annually, evaluate the independent auditors' qualifications, performance and independence and the experience and qualifications of the senior individuals assigned by the independent auditors to the Company's account, including the lead partner. This evaluation shall be based on a review of the report and the statement referred to in Section IV.A.4., above, as well as other factors deemed appropriate by the Committee. The evaluation shall also take into account the opinion of the Company's management and members of the Company's finance and enterprise risk management departments. The Committee shall present the conclusions with respect to this evaluation to the full Board of Directors. As part of this evaluation the Committee should consider the overall quality and value of the audit and other services rendered by the independent auditors and determine whether the audit engagement and/or other services should be placed with another independent audit firm.
9. 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, regulation or rule.
10. At least annually, review the Company's hiring policies for employees and former employees of its independent auditors, and review a list of employees and former employees of the independent auditors hired by the Company and the positions for which they were hired to determine whether the Company's policy has been adhered to and any such hirings were permissible under applicable regulations.
11. Meet privately with the independent auditors at least annually to review the adequacy of the Company's internal controls, accounting policies and procedures, the competency and objectivity of the internal audit function, special audit steps adopted in light of material weaknesses or significant control deficiencies and particular concerns of the Committee or the independent auditors.

B. Quarterly and Annual Financial Statements.

1. Review each year the planned scope of the examination of the Company's financial statements by the independent auditors.
2. Prior to the Company's filing of each respective report, review with management and the independent auditors the quarterly financial statements to be included in each of the Company's Quarterly Reports on Form 10-Q and, upon completion of the audit thereof, the annual financial statements to be included in the Company's Annual Report on Form 10-K, as well as the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

3. Receive, review and report regularly to the Board of Directors any required communications made to the Committee by the Company's chief executive officer or chief financial officer regarding any significant deficiencies and material weaknesses in the design or operation of the Company's internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and any fraud involving management or other employees who have a significant role in the Company's internal control over financial reporting.
4. Review and discuss with the independent auditors and management (a) the development, selection, application and disclosure of all critical accounting policies and practices used in the preparation of the quarterly unaudited and annual audited financial statements, (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 independent auditors, (c) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences, (d) the effects of regulatory and accounting initiatives, as well as any off-balance sheet structures or financing arrangements, on the Company's financial statements, and (e) significant audit adjustments proposed by the independent auditors.
5. Discuss with the independent auditors any matters required to be discussed under Statement on Auditing Standards ("SAS") No. 114, "The Auditor's Communication with Those Charged with Governance," and SAS No. 100, "Interim Financial Information," as may be modified or supplemented from time to time.
6. Based on the review and discussions referred to in Sections IV.A.5, IV.B.2, IV.B.4 and IV.B.5, above, and based on a review of the proposed Annual Report on Form 10-K, make an appropriate recommendation to the Board of Directors regarding inclusion of the annual audited financial statements in the Company's Annual Report on Form 10-K filed each year with the SEC.
7. Discuss with the independent auditors any significant matters regarding internal controls over financial reporting that have come to their attention during the conduct of their audit, review any recommendations of the independent auditors resulting from the annual audit of the Company's financial statements and monitor management's response to those recommendations to determine whether appropriate actions have been taken.

8. Review with the independent auditors any matter about which there is significant disagreement between management and the independent auditors and any other problems or difficulties encountered during the course of the audit and management's response to such disagreements, problems or difficulties. As part of this review, the Committee shall discuss with the independent auditors (a) any difficulties relating to any restrictions on the scope of the independent auditors' activities and (b) any difficulties relating to restrictions on the independent auditors' access to requested information. The Committee may also discuss with the independent auditors (a) any accounting adjustments that were noted or proposed by the independent auditors but that were "passed" by management as immaterial or otherwise, (b) any communications between the individuals assigned by the independent auditors to the Company's account and the independent auditors' national office relating to significant auditing or accounting issues arising during the engagement on matters that are otherwise required to be disclosed to the Committee, and (c) any management letter comment or internal control letter comment of a material nature issued or proposed to be issued by the independent auditors to the Company and the Company's response to any such comment or letter.

C. Preapproval of Audit and Non-Audit Services.

The Committee shall establish and implement a policy concerning the preapproval of audit and non-audit services, whether rendered by the Company's then-current independent auditors or another independent audit firm, and periodically review the enforcement of the policy. The Committee shall, at its regularly scheduled meetings, review and approve all auditing services and permitted non-audit services provided to the Company by its independent auditors since the last such review. The authority to grant preapprovals may be delegated by the Committee to the chairman of the Committee. The decisions of any member to whom such authority is delegated shall be presented to the full Committee for ratification and approval at the next scheduled meeting of the Committee.

D. Internal Audit and Accounting.

1. Monitor the staffing, qualifications, competency and budgeting of the enterprise risk management department and significant changes in the duties, responsibilities or reporting structure of the enterprise risk management department
2. Review the activities of the enterprise risk management department, including the annual internal audit plan and the coordination of the plan with the independent auditors.

3. Meet privately with the head of the Company's enterprise risk management department (and with individual auditors, as deemed necessary) at least three times each year to review the adequacy of the Company's internal controls, accounting policies and procedures, the internal audit function and particular concerns of the Committee or the enterprise risk management department.
4. Meet privately with management at least annually to review the adequacy of the Company's internal controls, accounting policies and procedures, the internal audit function and particular concerns of the Committee or management.
5. At least annually, review with management the status of tax returns and tax audits.
6. At least annually, review expense account reimbursements of the Company's executive officers.
7. Monitor compliance with the Company's Code of Business Conduct by the employees of the Company. In connection therewith, the Committee shall review and approve all related party transactions that are material to the Company's financial statements or that otherwise require disclosure to the Company's shareholders; provided, however, that the Committee shall not be responsible for reviewing and approving related party transactions that are reviewed and approved by the Board of Directors or by another committee of the Board of Directors. The Committee established procedures for receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, including confidential, anonymous submissions by employees regarding questionable accounting or auditing matters.

E. Risk Assessment and Risk Management.

1. Periodically discuss with management the guidelines and policies that govern the process by which the Company identifies, assesses and manages risk.
2. Periodically discuss with management the Company's major financial risk exposures and the steps that management has taken to identify, assess, monitor and control such exposures.

F. Special Investigations.

1. Direct any special investigations concerning matters relating to the Company's financial statements, internal controls, compliance with applicable laws or business ethics.

2. Initially establish and periodically review policies and procedures for (a) the receipt, retention, investigation, treatment and resolution of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

G. Use of Advisors.

In the course of fulfilling its duties, the Committee has authority to retain its own independent legal, accounting and other advisors in its sole discretion, including sole authority to approve the fees and other retention terms of any advisor and to terminate such advisor.

The Committee has been, and shall be, granted unrestricted and confidential access at any time to all information and to all officers or employees of the Company, the Company's independent auditors, outside counsel or anyone the Committee deems necessary or appropriate to its review and oversight of the Company's financial reporting process, internal controls and procedures and independent auditors.

H. Other.

1. Meet periodically with the Company's General Counsel (or other legal counsel, as necessary) to review legal and regulatory matters, including any matters that may have a material effect on the Company's financial statements. Regularly monitor developments with respect to any specific litigation involving the Company that may have a material financial impact on the Company or relate to matters entrusted to the Committee.
2. Periodically discuss with management the types of information to be disclosed in the Company's earnings releases, including the use of non-GAAP financial measures, and the manner in which this information will be presented.
3. Discuss with management and the independent auditors the quarterly and annual reported earnings of the Company prior to the release of this information to the public and discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. The Chairman of the Committee may represent the entire Committee for the purposes of these discussions and reviews.
4. Periodically discuss with management the types of financial information and earnings guidance to be disclosed to analysts and rating agencies and the manner in which this information will be presented.

5. The Committee shall be available at all times to receive reports, suggestions, questions or recommendations relating to the matters for which it has responsibility from the independent auditors, the enterprise risk management department, or management personnel.
6. Review and assess the adequacy of this Charter on at least an annual basis.

V. ANNUAL EVALUATION

The Committee will evaluate its performance on an annual basis.