

**CHARTER OF THE
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF
THE MONARCH CEMENT COMPANY**

I. PURPOSE

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing: (i) the financial reports and other financial information provided by the Corporation to any governmental body or the public; (ii) the Corporation's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and (iii) the Corporation's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

1. Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.
2. Select and engage the services of the Corporation's independent accountants.
3. Review and appraise the audit efforts of the Corporation's independent accountants.
4. Provide an open avenue of communication among the independent accountants, financial and senior management and the Board of Directors.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter. These responsibilities are in addition to those duties set out for a member of the Board of Directors.

II. COMPOSITION

The Audit Committee shall be comprised of one or more directors as determined by the Board, each of whom shall be independent directors. Members of the Audit Committee shall be considered independent if they (i) do not, other than in their capacity as a member of the Audit Committee, the Board or other Board committee, accept any consulting, advisory or other compensatory fee from the Corporation, (ii) are not affiliated persons of the Corporation or any of its subsidiaries, and (iii) have no relationship to the Corporation that reasonably may be regarded as interfering with the exercise of their independence from management and the Corporation. Examples of such relationships include:

- a director being employed by the Corporation or any of its affiliates for the current year or any of the past three years;

- a director who accepts any compensation from the Corporation or any of its affiliates during the previous fiscal year, other than compensation for service as a member of the Audit Committee, the Board or other Board committee;
- a director being a member of the immediate family of an individual who is, or has been in any of the past three years, employed by the Corporation or any of its affiliates as an executive officer. "Immediate family member" includes a person's spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, and anyone who resides in such person's home;
- a director who is a partner in, or a controlling shareholder or an executive officer of, any for-profit business organization to which the Corporation made, or from which the Corporation received, payments (other than those arising solely from investments in the Corporation's securities) in any of the past three years (other than such payments as are of a de minimis amount and are permitted by applicable law);
- a director being employed as an executive of another entity where any of the Corporation's executives serves on that entity's compensation committee.

One director who is not an independent director (as defined above) and is not a current employee or an immediate family member of such employee may be appointed to the Audit Committee, if such appointment otherwise would be permitted by applicable regulation or exemptive action of the Securities and Exchange Commission ("SEC") (and of any national securities exchange or automated securities quotation system on which the Corporation's common stock may be traded).

All members of the Committee shall be capable of reading and understanding fundamental financial statements, including a company's balance sheet, income statement and cash flow statement or will be able to do so within a reasonable period of time after his or her appointment to the Committee. If reasonably practicable, at least one member of the Committee shall have past employment experience in accounting or finance, requisite professional certification in accounting or any other experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant. The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. MEETINGS

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management and the independent accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the independent accountants and management quarterly to review the Corporation's financials consistent with Section IV.2 below.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

Documents/Reports Review

1. Review and if necessary, update this Charter at least annually.
2. Review the Corporation's annual financial statements and any other periodic financial reports, including but not limited to any Form 10-Q's, submitted to the SEC, including any certification, report, opinion or review rendered by the independent accountants thereunder.
3. Review any reports from the Corporation's independent accountants regarding internal controls.

Independent Accountants

4. Select the Corporation's independent accountants, after considering their independence and effectiveness, and approve the fees and other compensation to be paid to the independent accountants. On at least an annual basis, the Committee should review and discuss with the accountants all significant relationships the accountants have with the Corporation to determine the accountants' independence.
5. Review the performance of the independent accountants and approve any proposed discharge of the independent accountants when circumstances warrant.
6. At least annually consult with the independent accountants out of the presence of management about internal controls and the fullness and accuracy of the Corporation's financial statements.

Financial Reporting Processes

7. In consultation with the independent accountants, review the integrity of the Corporation's financial reporting processes, both internal and external.
8. Consider the independent accountants' judgments about the quality and appropriateness of the Corporation's accounting principles as applied to its financial reporting. The consideration should include a discussion with the independent accountants which should include such issues

as the clarity of the Corporation's disclosures and degree of aggressiveness or conservatism of its accounting principles and underlying estimates and other significant decisions made by management in preparing the financial disclosures.

9. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent accountants or management.

Process Improvement

10. In conjunction with the Audit Committee's review of quarterly financial reports, the Audit Committee shall, promptly upon its request, be provided information from each of management and/or the independent accountants regarding any significant management judgments or significant adjustments made in preparation of the financial statements and the view of each as to appropriateness of such judgments and adjustments.

11. Following completion of the annual audit, review separately with each of management and the independent accountants any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

12. Review any significant disagreement among management and the independent accountants related to the preparation of the financial statements.

13. Review with the independent accountants and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.)

14. Review or authorize the review of any matters within the Audit Committee's scope of responsibilities. The Committee shall have the power to retain independent counsel, accountants, or others to assist it in the conduct of any such review.

Ethical and Legal Compliance

15. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

16. Review, with the Corporation's counsel, legal compliance matters including corporate securities trading policies.

17. Review, with the Corporation's counsel, any legal matter that could have a significant impact on the Corporation's financial statements.

18. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.