

CKE RESTAURANTS, INC.
AUDIT COMMITTEE CHARTER

I. Audit Committee Mission Statement

The Audit Committee is appointed by the Board of Directors (the “Board”) for the purposes of:

- A. assisting Board oversight of:
- the integrity of the Company’s financial statements;
 - the Company’s compliance with legal and regulatory requirements;
 - the qualifications and independence of the Company’s independent auditors; and
 - the performance of the Company’s internal audit function and of its independent auditors; and
- B. preparing the Audit Committee Report for inclusion in the Company’s Annual Proxy Statement.

The Audit Committee shall each year, in conjunction with the preparation of the Audit Committee report to the Company’s stockholders discussed further below, evaluate its own performance in light of the foregoing mission statement and implement any changes in its own performance suggested by such review.

II. Powers of the Audit Committee.

The Audit Committee shall have the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it shall have direct access to the Company’s independent auditors as well as to anyone else in the Company. The Audit Committee has the authority, at the Company’s expense, to retain and to obtain the advice of such legal, accounting or other consultants or experts as it deems necessary in the performance of its duties, which experts need not be the same as are regularly retained by the Company to perform such functions.

III. Audit Committee Composition, Meetings and Funding

- A. Composition and Qualifications.
1. Number. The Audit Committee shall be comprised of at least three directors, or more than three directors as determined by the Board.

2. Independence. Audit Committee members shall be “independent” within the meaning of the Rules of the New York Stock Exchange (“NYSE”) and applicable law. The Company’s criteria for director independence are set forth on Exhibit A attached hereto.
3. Expertise Requirement of Audit Committee Members. All members of the Committee shall be financially literate, as determined in the business judgment of the Board, or shall meet such standard within a reasonable period of time after the director’s appointment to the Audit Committee. At least one member of the Audit Committee shall have accounting or related financial management expertise, as determined by the Board in its business judgment. Further, it is the intention of the Board that the Audit Committee include at least one member who qualifies as an “audit committee financial expert,” within the meaning of Section 407 of the Sarbanes-Oxley Act of 2002. The criteria for such designation are attached hereto as Exhibit B.

B. Appointment of Audit Committee Members. Audit Committee members shall be appointed and replaced by the Board on recommendation of the Nominating & Corporate Governance Committee. If a Committee Chairman is not designated or present at a meeting, the members of the Committee may designate a Committee Chairman for such meeting by majority vote of the Committee membership.

C. Meetings. The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee Chairman shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet privately and separately in executive session at least quarterly with (1) management, (2) the director of the internal auditing department, (3) the independent auditors, and (4) as a committee to discuss any matters that the Committee or any of these groups believe should be discussed.

D. Funding. The Company shall provide the Audit Committee with such funding as the Committee reasonably decides is adequate for the engagement and retention of the Company’s independent auditors and the performance of the Audit Committees other functions as detailed in this Charter.

IV. Audit Committee Responsibilities and Duties

A. Independent Auditors

1. The independent auditors shall be directly accountable to the Audit Committee and indirectly accountable to the Board through the Audit Committee. The Audit Committee shall review the independence and performance of the auditors and annually approve the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant. The Audit Committee shall have the sole authority to terminate the engagement of the Company’s independent auditors; provided, however, the Audit Committee shall discontinue the Company’s engagement of the independent auditors with respect to any independent audit if the Company’s chief executive officer, chief financial officer, controller, chief accounting officer or person serving in an equivalent

position was employed by the auditor and participated in any capacity in auditing of the Company during the one year period prior to initiating such independent audit.

2. The Audit Committee shall have the sole authority to approve the fees and other significant compensation to be paid to the independent auditors, and to approve any significant non-audit engagement. Such approval shall be delivered prior to the related services being performed.
3. The Audit Committee shall be directly responsible for the resolution of disagreements between management and the Company's independent auditors regarding financial reporting, and shall have final authority to determine the Company's position with respect to any such disagreement.
4. The Audit Committee shall annually obtain and review a report by the independent auditors describing the independent auditors' internal quality control procedures, and any material issues raised with respect thereto by any internal review, peer review or external investigation thereof, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues.
5. The Audit Committee shall: (a) on an annual basis, review and discuss with the independent auditors all significant relationships they have or are proposed to have with the Company to determine whether those relationships could impair the auditors' independence; and (b) review, on an ongoing basis, compliance with the statutory ban on the independent auditors' provision of non-audit services, except for the provision of tax advice and services pre-approved by the Audit Committee.
6. In consultation with management and the Company's internal audit staff, the Audit Committee shall annually consider the independent auditors' qualifications, performance and independence, and the independent auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
7. At least every five years, the Audit Committee shall require the rotation of the independent auditor's lead audit partner and reviewing audit partner, and consider the costs and benefits of switching to another firm of independent auditors.
8. The Audit Committee shall establish a regular schedule of meetings with the independent auditors without management present to discuss candidly any audit problems or difficulties and management's responses to the independent auditors' efforts to resolve such problems or difficulties. Topics addressed in these sessions should include any adjustments proposed by the independent auditors that were rejected by management on any basis, matters referred by the independent auditors to their national offices for additional review, the contents of any management/internal control letters issued or pending by the independent auditors and the independent auditors' candid assessment of the responsibilities, budget and staffing of the Company's internal audit function.

9. The Audit Committee shall establish formal procedures for the hiring of employees and former employees of the independent auditors with the goal of preventing the prospect of future employment with the Company from influencing the current performance of the independent auditor function.
10. The Audit Committee shall periodically review the independent auditors' audit plan, including scope, staffing, locations, reliance upon management, internal audit and general audit approach and the content of all audit-related services.

B. Handling of Complaints Regarding Accounting Practices

The Audit Committee shall establish procedures for:

1. the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
2. the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters; and
3. the dissemination of the procedures developed pursuant to clause (2) above in a manner reasonably calculated to make them known to all Company employees.

C. Review Procedures

1. The Audit Committee shall review the Company's annual and quarterly financial statements prior to release. Review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices, and judgments, including the assessments of financial performance and critical accounting policies proposed to be set forth in the "Management's Discussion and Analysis of Financial Condition and Results of Operations." Recommend to the Board whether the financial statements should be included in the Company's periodic reports.
2. The Audit Committee shall review any analyses prepared by management or the independent auditors regarding significant financial reporting issues, specifically including the judgments made by management as to the application of GAAP to the Company's financial reporting in light of potential alternative GAAP applications.
3. The Audit Committee shall discuss, both internally and with the Company's independent auditors, any earnings information or any financial information or earnings guidance provided to analysts and rating agencies prior to the release of the information. In that connection, the Committee shall discuss certain matters required to be communicated to audit committees in accordance with AICPA SAS 61. In lieu of the full Audit Committee's involvement, this function may be performed by the Chairman of the Audit Committee or pursuant to general guidelines as to the type of information to be included in such releases and the presentation thereof.

4. The Audit Committee shall review with management the Company's presentation of "pro forma," or non-GAAP financial measures, to ensure compliance with applicable disclosure requirements.

D. Internal Audit Department and Legal Compliance

1. In consultation with the management, the independent auditors, and the internal auditors, the Audit Committee shall on an ongoing basis consider the integrity of the Company's financial reporting processes and controls.
2. The Audit Committee shall establish policies and procedures to ensure that management regularly assesses the Company's major financial risk exposure and implements plans to monitor and control such risks.
3. The Audit Committee shall review, as necessary, any significant changes in the Company's selection or application of accounting principles and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of any material control deficiencies.
4. The Audit Committee shall review, as necessary, the effect of regulatory or accounting initiatives, as well as any off-balance sheet structures, on the Company's financial statements.
5. The Audit Committee shall review the budget, plan, changes in plan, activities, organizational structure, and qualifications of the internal audit department, as needed.
6. The Audit Committee shall, on an ongoing basis, review the appointment, performance, and replacement of the senior internal audit executive.
7. On at least an annual basis, the Audit Committee shall review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

E. Other Audit Committee Responsibilities

1. The Audit Committee shall review and reassess the adequacy of this Charter at least annually, and submit the Charter with any recommended changes to the Board for approval and have the then-current document published in accordance with applicable law and NYSE rules.
2. The Audit Committee shall annually prepare a report to stockholders as required by the SEC. The report should be included in the Company's annual proxy statement.
3. The Audit Committee shall obtain the advice and assistance, as appropriate, of independent counsel and other advisors as necessary to fulfill the responsibilities of the Committee.

4. The Audit Committee shall perform any other activities consistent with this Charter, the Company's bylaws, and governing law, as the Committee or the Board deems necessary or appropriate.
5. The Audit Committee shall maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities.

V. Limits of Duties

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 independent auditor.

VI. Effective Date

This Charter of the Audit Committee is effective as of March 3, 2004.

Exhibit A

Director Independence

A director of the Company shall be classified as independent only if the director meets the following criteria.

1. NYSE Independence. The director must have been determined by the Board of Directors to be independent pursuant to the NYSE rules. Those rules, as they apply to the Company, are available under the section titled “Corporate Governance” on the Company’s website at www.ckr.com.

2. Sarbanes-Oxley Requirements. The director may not, other than in his or her capacity as a member of the Audit Committee, or any other Board committee:

(a) accept directly or indirectly any compensation from the Company or any subsidiary thereof, excluding fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service); or

(b) be an affiliated person of the Company or a subsidiary of the Company.

Exhibit B

Audit Committee Financial Expert

An “audit committee financial expert” is defined to mean a person who has the following attributes:

- (1) an understanding of financial statements and generally accepted accounting principles;
- (2) an ability to assess the general application of such principles in connection with accounting for estimates, accruals and reserves;
- (3) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by CKE's financial statements, or experience actively supervising one or more persons engaged in such activities;
- (4) an understanding of internal controls and procedures for financial reporting; and
- (5) an understanding of audit committee functions.

A person can acquire such attributes through any one or more of the following means:

- (1) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
- (2) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions, or experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
- (3) other relevant experience.