

Balchem Corporation

Amended and Restated Charter of the Audit Committee of the Board of Directors

I. Audit Committee Purpose

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance.
- Monitor the independence, qualifications and performance of the Company's independent auditors.
- Provide an avenue of communication among the independent auditors, management, and the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities. The Audit Committee may meet with the Company's employees, investment bankers or financial analysts who follow the Company.

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 are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors. Nor is it the duty of the Audit Committee to conduct investigations or to assure compliance with laws and regulations and the Company's business conduct guidelines.

II. Audit Committee Composition and Meetings

Audit Committee members shall meet the independence and experience requirements of the NASDAQ Stock Market (the "NASDAQ Requirements") and as provided in the applicable sections of the Securities Exchange Act of 1934 (the "Exchange Act"). The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent nonexecutive directors, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Audit Committee shall be, at the time of their appointment, financially literate, in accordance with the NASDAQ Requirements, and at least one member of the Audit Committee shall be financially sophisticated in accordance with the NASDAQ Requirements.

Audit Committee members shall be appointed by the Board on recommendation of the Corporate Governance and Nominating Committee and the Chair of the Audit Committee shall be designated by majority vote of the Audit Committee membership.

The Audit Committee shall meet, in person or telephonically, at least three times per calendar year, or more frequently as circumstances dictate. The Audit Committee Chair shall review and

approve an agenda in advance of each meeting. Audit Committee members will strive to be present at all meetings. As necessary or desirable, the Audit Committee Chair may request that members of management and representatives of the independent accountants be present at Audit Committee meetings.

III. Audit Committee Responsibilities and Duties

Authority and Responsibilities:

- The Audit Committee shall have the sole authority to appointment or to replace the independent auditor and shall be directly responsible for the compensation and oversight of the work of the independent auditor engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company. The independent auditor shall report directly to the Audit Committee. The Audit Committee shall also be responsible for the resolution of disagreements, if any, between management and the independent auditor regarding financial reporting.
- The Audit Committee shall pre-approve all audit and permitted non-audit services, including engagement fees and terms of such services, to be performed for the Company by its independent auditor. The Audit Committee may delegate the authority to pre-approve services to a subcommittee consisting of one or more members of the Audit Committee. To the extent deemed necessary, the Audit Committee may establish policies and procedures for the pre-approval of all permitted non-audit services to be provided by the independent auditor.
- The Audit Committee shall 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 the Company of concerns regarding questionable accounting or auditing matters.
- The Audit Committee shall have the authority to retain independent outside legal, accounting or other advisors, to the extent that it deems necessary to carry out its duties.
- The Company shall provide the Audit Committee appropriate funding, as determined by the Audit Committee, for payment of compensation to (i) the independent auditor engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company; and (ii) any advisors retained by the Audit Committee.

Review Procedures

The Audit Committee shall:

1. review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board of Directors for approval. The Audit Committee shall have this Charter published

following any material amendments or at least every three years in accordance with Securities and Exchange Commission regulations;

2. review the Company's annual audited financial statements prior to filing or distribution. Review should include discussion with management and the independent auditors of significant issues regarding accounting principles, practices, and judgments;
3. in consultation with management and the independent auditors, consider the integrity of the Company's financial reporting processes and internal controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the independent auditors and any internal auditing department together with management's responses;
4. review and discuss reports prepared by the independent auditors on (i) critical accounting policies and practices used by the Company; (ii) alternative accounting treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of using such alternative treatments and disclosures and the treatment preferred by the independent auditor; and (iii) other material written communications between the independent auditor and management, such as management letters or schedules of unadjusted differences;
5. review and discuss with management the accounting policies that may be viewed as critical and review and discuss any significant changes in the accounting policies of the Company;
6. review with management and the independent auditors the effect of regulatory and accounting initiatives;
7. review and discuss with management and the independent auditors any material financial or non-financial arrangements of the Company which do not appear on the Company's financial statements;
8. review and discuss with management and the independent auditors any transactions or courses of dealing with parties related to the Company which are significant in size, involve terms or other aspects that differ from those that would likely be negotiated with independent parties, or are relevant to an understanding of the Company's financial statements; and
9. review with management and the independent auditors the Company's quarterly financial statements and the results of the independent auditors' review of the quarterly financial statements prior to the filing or distribution.

Auditor Independence Review

1. The independent auditors are accountable to the Audit Committee. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the independent auditors or any discharge of auditors when circumstances warrant.

2. Review the experience and qualifications of the key partners and managers of the independent auditors and the quality control procedures of the independent auditors.
3. Review the rotation of the audit partners having primary responsibility for the audit as required pursuant to the Exchange Act. Review and discuss the fees and other significant compensation to be paid to the independent auditors.
4. On an annual basis, the Audit Committee should request from the independent auditors a formal written statement delineating all relationships between the auditors and the Company consistent with Independent Standards Board Standard No.1. The Audit Committee should review and discuss with the independent auditors all significant relationships they have with the Company that could impair the auditors' independence. Prior to the retention of the independent auditors for any non-audit service, the Audit Committee should review the scope and fee for such service to determine whether such service could impair the auditors' independence.
5. Review the independent auditors' audit plan - discuss scope, staffing, locations, reliance upon management, and internal audit and general audit approach.
6. Discuss the results of the audit with the independent auditors. Discuss certain matters required to be communicated to audit committees in accordance with AICPA SAS 61.
7. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
8. Recommend to the Board of Directors guidelines for the Company's hiring of employees of the independent auditors who were engaged on the Company's account.
9. Discuss with the national office of the independent auditors issues on which it was consulted by the Company's audit team and matters of audit quality and consistency.
10. Review with management and the independent auditors any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

Legal Compliance

1. When appropriate, 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.

Other Audit Committee Responsibilities

1. Annually prepare a report to stockholders as required by the Securities and Exchange Commission. The report should be included in the Company's annual proxy statement.
2. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Audit Committee or the Board deems necessary or appropriate.

Periodically report to the Board of Directors on significant results of the foregoing activities.