

COFFEE HOLDING CO., INC.
AUDIT COMMITTEE CHARTER

I. PURPOSE

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Coffee Holding Co., Inc. (the “Company”) has been established to carry out the duties and responsibilities assigned to the Committee under applicable securities laws and the rules and regulations of the Securities and Exchange Commission (the “SEC”) and the American Stock Exchange (the “AMEX”). The Committee shall assist the Board in its oversight responsibilities regarding (1) the quality and integrity of the Company’s financial statements; (2) the Company’s compliance with legal and regulatory requirements; (3) the qualifications and independence of the Company’s registered public accounting firm; and (4) the performance of the Company’s internal audit function. In doing so, it is the responsibility of the Committee to maintain free and open means of communication among the Board, the registered public accounting firm, internal auditors and senior management.

II. COMPOSITION

The Committee shall consist of no fewer than three members (including a chairperson), each of whom shall meet the criteria for independence established by the rules and regulations of the AMEX and the SEC and whom the Board has affirmatively determined does not have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment as a director. No person may be made a member of the Committee if his or her service on the Committee would violate any restriction on service imposed by any effective rule of the SEC or any securities exchange or market on which shares of the Company’s common stock are traded. Each member of the Committee shall be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. At least one Committee member must be an “audit committee financial expert,” as defined by the rules and regulations of the SEC. Committee members and the Committee chairperson shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee. If a Committee chairperson is not designated or present, the members of the Committee may designate a chairperson by majority vote of the Committee membership.

III. MEETINGS

The Committee shall meet at least four times a year or more frequently as circumstances require. The Committee may meet by telephone conference call or by any other means permitted by law or the Company’s bylaws. A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. Without a

meeting, the Committee may act by unanimous written consent of all members. The Committee shall maintain written minutes of its meetings which shall be filed with the books and records of the Company. The Committee shall report the significant actions of the Committee to the Board, with such recommendations as the Committee deems appropriate. The Committee should also meet periodically with the internal auditors, the registered public accounting firm and the Company's financial management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.

IV. AUTHORITY AND RESPONSIBILITIES

In carrying out its responsibilities, the Committee's policies and procedures should remain flexible to enable the Committee to react to changes in circumstances and conditions so as to ensure the Company remains in compliance with applicable legal and regulatory requirements. In addition to performing such functions as may be assigned by law, the Company's Articles of Incorporation or bylaws or the Board, the Committee shall have the following responsibilities:

1. The Committee shall review and reassess this charter annually and recommend any proposed changes to the Board for approval.
2. The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including, resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The registered public accounting firm must report directly to the Committee.
3. The Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms) to be performed for the Company by its registered public accounting firm, subject to the de minimis exception for non-audit services described below which are approved by the Committee prior to completion of the audit.

Exception: The pre-approval requirement set forth above, shall not be applicable with respect to non-audit services if:

- (i) The aggregate amount of all such services provided constitutes no more than five percent of the total amount of revenues paid by the Company to its auditor during the fiscal year in which the services are provided;
- (ii) Such services were not recognized by the Company at the time of the engagement to be non-audit services; and
- (iii) Such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by one

or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Delegation. The Committee may delegate to one or more designated members of the Committee the authority to grant required pre-approvals. The decisions of any member to whom authority is delegated under this paragraph to pre-approve activities under this subsection shall be presented to the full Committee at its next scheduled meeting.

4. The Committee, in its capacity as a committee of the Board, shall determine, and the Company shall provide, funding for payment of: (i) 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; (ii) compensation to any advisers employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
5. As part of the audit process, the Committee shall meet with the registered public accounting firm to discuss and determine the scope of the audit. The Committee shall determine that the independent audit team engaged to perform the external audit consists of competent, experienced, financial institution auditing professionals. The Committee shall ensure the regular rotation of the lead audit partner and audit review partner as required by law and consider whether there should be a periodic rotation of the Company's registered public accounting firm.
6. The Committee shall require the registered public accounting firm to submit, on an annual basis, a formal written statement setting forth all relationships between the registered public accounting firm and the Company that may affect the objectivity and independence of the registered public accounting firm, consistent with Independence Standards Board Standard No. 1, and the Committee shall actively engage in a dialogue with the registered public accounting firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the registered public accounting firm. The Committee shall take, or recommend that the full Board take, appropriate action to ensure the independence of the registered public accounting firm.
7. The Committee shall require the registered public accounting firm to advise the Company of any fact or circumstance that might adversely affect the outside auditor's independence or judgment with respect to the Company under applicable auditing standards, including any significant changes to the Company's accounting principles and any items required to be communicated by the registered public accounting firm in accordance with SAS 61, as amended.
8. The Committee shall require the registered public accounting firm to advise the Company if it becomes aware that any officer or employee of the Company, or its

direct or indirect subsidiaries or affiliates, is related to a partner, employee or other representative of the registered public accounting firm, to the extent that such relationship might adversely affect the Company under applicable auditing standards.

9. The Committee shall meet with the registered public accounting firm, with no management in attendance, to openly discuss the quality of the Company's accounting principles as applied in its financial reporting, including issues such as (a) the appropriateness, not just the acceptability, of the accounting principles and financial disclosure practices used or proposed to be used by the Company; (b) the clarity of the Company's financial disclosures; and (c) the degree of aggressiveness or conservatism that exists in the Company's accounting principles and underlying estimates and other significant decisions made by the Company's management in preparing the financial disclosure and reviewed by the registered public accounting firm. The Committee shall then meet among themselves, without operating management or the registered public accounting firm being present, to discuss the information presented to them.
10. The Committee shall require the registered public accounting firm, in reviewing the Company's financial reporting and in advising the Committee, to take into account the requirements imposed by, and the interpretations of, the applicable federal and state banking regulators.
11. The Committee shall meet with the registered public accounting firm and management to review the Company's quarterly reports on Form 10-QSB and annual report on Form 10-KSB and discuss any significant adjustments, management judgments and accounting estimates and any significant new accounting policies before such forms are filed with the SEC.
12. Upon the completion of the annual audit, the Committee shall review the audit findings, including disclosures made in management's discussion and analysis and any comments or recommendations of the registered public accounting firm, with the entire Board and state its recommendation to the Board as to whether the audited financial statements should be included in the Company's annual report on Form 10-KSB.
13. The Committee shall determine whether the internal audit function may be performed by staff internal auditors or may be outsourced to a third party, as deemed appropriate.
14. The Committee must assure itself that the internal auditors are free from operational duties, and that the internal auditors report directly to the Board or the Committee regarding any audit concerns or problems.
15. The Committee shall meet at least annually with the Company's internal auditors to assure itself that the Company has a strong internal auditing function by

- reviewing the internal audit program and assessing (grading) risk areas along with a proper control environment that promotes accuracy and efficiency in the Company's operations.
16. The Committee shall receive reports from the Company's internal auditors, which include a summary of findings from completed internal audits and a progress report on the internal audit plan, together with explanations for any deviations from the original plan.
 17. The Committee shall review the internal audit function of the Company, including the independence and authority of its reporting obligations, the proposed audit plans for the coming year and the coordination of such plans with the registered public accounting firm.
 18. The Committee shall review and concur in the appointment, replacement, reassignment or dismissal of the Company's internal auditors.
 19. The Committee shall consider and review with management and the internal auditors: (a) significant findings during the year and management's responses thereto, including the status of previous audit recommendations, (b) any difficulties encountered in the course of their audits, including any restrictions on the scope of activities or access to required information, (c) any changes required in the planned scope of the internal audit plan and (d) the internal auditing department budget and staffing.
 20. The Committee shall consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices, as suggested by the registered public accounting firm, the internal auditors or management, and the Committee shall review with the registered public accounting firm, the internal auditors and management the extent to which such changes have been implemented (to be done at an appropriate amount of time subsequent to the implementation of such changes, as decided by the Committee).
 21. The Committee shall inquire of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies or material weaknesses in the design or operation of 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 as to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.
 22. The Committee shall investigate or consider such other matters within the scope of its responsibilities and duties as the Committee may, in its discretion, determine to be advisable. The Committee shall have the authority to engage

independent counsel and other advisers, as it deems necessary to carry out its duties.

23. The Committee shall prepare any report required by the rules of the SEC to be included in the Company's annual proxy statement.
24. The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
25. The Committee shall establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
26. The Committee shall require the registered public accounting firm to submit a report at least annually (which report shall be reviewed by the Committee) describing (a) the registered public accounting firm's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the accounting firm or by any inquiry or investigations by governmental or professional authorities (within the preceding five years) respecting one or more independent audits carried out by the independent accountant, and any steps taken to deal with any such issues; and (c) all relationships the independent accountant has with the Company and relevant third parties to determine the registered public accounting firm's independence. The Committee shall evaluate the qualifications, independence and performance of the registered public accounting firm and in doing so consider not only auditing and other traditional accounting functions performed by the registered public accounting firm, but also consulting, legal, information technology services and other professional services rendered by the independent accountant and its affiliates. The Committee shall also consider whether the provision of any of these non-audit services is compatible with the independence standards under the guidelines of the SEC and of the Independence Standards Board and shall approve in advance any non-audit services to be provided by the registered public accounting firm.
27. The Committee shall obtain a representation from the registered public accounting firm that Section 10A of the Securities Exchange Act of 1934 has been followed.