

ARC DOCUMENT SOLUTIONS, INC.

AUDIT COMMITTEE CHARTER

Purpose

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of ARC Document Solutions, Inc. (the “Company”) is to assist the Board in its oversight of:

1. The integrity of the Company’s financial statements;
2. The Company’s compliance with legal and regulatory requirements;
3. The qualification, independence, and performance of the Company’s independent auditors; and
4. The performance of the Company’s internal audit function.

The Committee’s function is one of oversight, recognizing that the Company’s management is responsible for preparing the Company’s financial statements, and the independent auditor is responsible for auditing those statements. In adopting this Charter, the Board acknowledges that the Committee members are not employees of the Company and are not providing any expert or special assurance as to the Company’s financial statements or any professional certification as to the external auditor’s work or auditing standards. Each member of the Committee shall be entitled to rely on the integrity of those persons and organizations within and outside the Company that provide information to the Committee; and to rely on the accuracy and completeness of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary.

Membership

The Committee shall consist of no fewer than three members of the Board. The members of the Committee shall meet the independence and experience requirements that may be established from time to time by the New York Stock Exchange (“NYSE”), Section 10A(m)(3) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”) or the Securities and Exchange Commission (“Commission”) and are applicable to the Committee. Each member of the Committee shall also be financially literate (as such qualification is interpreted by the Board in its business judgment) and meet any additional independence standards that may be established from time to time by the Board or the Nominating and Corporate Governance Committee. At least one member of the Committee shall be an “audit committee financial expert” as defined in regulations promulgated by the Commission and at least one member of the Committee shall have accounting or related financial management expertise in accordance with NYSE rules (this may be, but need not be, the same person as the “audit committee financial expert”). Committee members shall not simultaneously serve on the audit committees of more than two other public companies. One member of the Committee will serve as the Chairperson of the Committee. The Committee may also appoint a Secretary, who need not be a director, whose primary responsibility will be to keep the minutes of the Committee meetings.

Members of the Committee and the Committee Chairperson shall be appointed by and may be removed, without cause, by the affirmative vote of the majority of the Board on the recommendation of the Nominating and Corporate Governance Committee. Any Committee member may resign effective upon giving oral or written notice to the Chairman of the Board, the Corporate Secretary or the Board (unless the notice specifies a later time for the effectiveness of such resignation).

Meetings

The Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall meet periodically in separate executive sessions with management (including the chief financial officer), the internal auditors and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities. The Committee shall maintain written minutes of its meetings.

Authority and Resources

The Committee shall have the sole authority to appoint or replace the independent auditor. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

The Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the terms thereof) to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described in applicable provisions of the Exchange Act which are approved by the Committee prior to the completion of the audit. The Committee may form and delegate authority to sub-committees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have the sole authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company, and to any advisors employed by the Committee, as well as funding for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall have full access to all books, records, facilities and personnel of the Company in connection with the discharge of its responsibilities.

Duties and Responsibilities

The Committee, to the extent it deems necessary or appropriate, shall:

Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including disclosures made in management's discussion and analysis, and the results of the independent auditor's review of the quarterly financial statements.
3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles.
4. Review and discuss with management and the independent auditor any major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.
5. Review and discuss with management (including the senior internal audit executive) and the independent auditor the Company's internal controls report and the independent auditor's attestation of the report prior to the filing of the Company's Form 10-K.
6. Review and discuss quarterly reports from the independent auditors on:
 - (a) all critical accounting policies and practices to be used;
 - (b) all alternative treatments of financial information within U. S. generally accepted accounting principles ("GAAP") that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - (c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
7. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

8. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
9. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
10. Discuss with the independent auditor the matters required to be discussed pursuant to applicable Statement on Auditing Standards relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
11. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Oversight of the Company's Relationship with the Independent Auditor

12. Review and evaluate the lead partner of the independent auditor team.
13. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor'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 to deal with any such issues, and (d) all relationships between the independent auditor and the Company. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independent auditor to the Board.
14. Ensure the rotation of the audit partners as required by law.
15. Set clear policies for the Company's hiring of employees or former employees of the independent auditor.
16. Discuss with the independent auditor material issues on which the national office of the independent auditor was consulted by the Company's audit team.

17. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

Oversight of the Company's Internal Audit Function

18. Review the appointment and replacement of the senior internal auditing executive.
19. Review the significant reports to management prepared by the internal auditing department and management's responses.
20. Discuss with the independent auditor and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.

Compliance Oversight Responsibilities

21. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.
22. Obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Conduct. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Conduct.
23. 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 concerns regarding questionable accounting or auditing matters.
24. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
25. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies and internal controls.
26. Review and approve or ratify all related-party transactions in accordance with the Company's policies and procedures with respect to related person transactions.

Other Duties and Responsibilities

27. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

28. Conduct an annual performance evaluation of the Committee and report the results of this review to the Board.
29. Review and recommend to the Board for approval policies relating to the delegation of authority to the officers and employees of the Company.
30. Perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time.

Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the 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 GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

Reports

The Committee shall make regular reports to the Board. The Committee will, to the extent it deems appropriate, record its summaries of recommendations to the Board in written form that will be incorporated as a part of the minutes of the Board. The Committee will also prepare and sign a Report of the Committee for inclusion in the Company's proxy statement for its annual meeting of stockholders.