

MARTHA STEWART LIVING OMNIMEDIA, INC.

AUDIT COMMITTEE CHARTER

The Board of Directors of Martha Stewart Living Omnimedia, Inc. (the “Corporation”) has established an Audit Committee with the purposes, responsibilities and duties described below.

I. PURPOSES

The Audit Committee is appointed by the Board of Directors (the “Board”) to assist the Board in oversight of (1) the integrity of the financial statements of the Corporation, (2) the independent auditor’s qualifications and independence, (3) the performance of the Corporation’s internal audit function and independent auditors, and (4) the compliance by the Corporation with legal and regulatory requirements.

The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the “Commission”) to be included in the Corporation’s annual proxy statement.

II. COMPOSITION; ORGANIZATION

The Audit Committee shall consist of no fewer than three members. The members of the Audit Committee shall meet the independence requirements set forth in the Corporation’s Corporate Governance Guidelines, the additional independence and financial literacy requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations of the Commission. At least one member of the Audit Committee shall be an “audit committee financial expert” as defined in the rules and regulations of the Commission. Audit committee members shall not simultaneously serve on the audit committees of more than two other public companies unless the Board has determined that such service would not impair the ability of such member to effectively serve on the Audit Committee.

The members of the Audit Committee shall be appointed by the Board, generally based on the recommendation of the Nominating and Corporate Governance Committee, and may be removed by the Board. The Board shall designate a Chairperson for the Committee.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. A majority of the members of the Audit Committee shall constitute a quorum. The Audit Committee shall periodically meet with management, the internal auditor, the independent auditor, and the General Counsel in separate executive sessions, as it deems appropriate. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members as it deems appropriate. The Audit Committee may request any officer or employee of the Corporation or the Corporation’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 Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain outside legal, accounting or other advisors. The Corporation shall provide for appropriate funding, as determined by the Audit 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 Corporation and to any advisors employed by the Audit Committee, and of ordinary administrative expenses of the Audit Committee necessary or appropriate in carrying out its duties.

The Audit Committee shall make regular reports to the Board, review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval, and annually evaluate the Audit Committee's own performance.

III. RESPONSIBILITIES AND DUTIES

To fulfill its purposes, the Audit Committee shall, among its responsibilities and duties:

Financial Statement and Disclosure Matters

1. Meet to review and discuss with management and the independent auditor the annual audited financial statements, including reviewing the specific disclosures made in management's discussion and analysis, and based on such review and discussions recommend to the Board whether the audited financial statements should be included in the Corporation's Form 10-K.
2. Meet to review and discuss with management and the independent auditor the Corporation's quarterly financial statements prior to the filing of its Form 10-Q, including the specific disclosures made in management's discussion and analysis.
3. Discuss with management and the independent auditor any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of internal controls or steps taken in light of any material control deficiencies.
4. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives.
5. Discuss with management any off-balance sheet structures on the financial statements.
6. Review and discuss reports from the independent auditors required by Commission rules and applicable professional standards.
7. Discuss with management the Corporation's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, and the Corporation's practices with respect to: (a) earnings releases, and (b) financial information and earnings guidance provided to analysts and rating agencies.

8. On behalf of the Board, to oversee the principal risk exposures facing the Corporation and the Corporation's mitigation efforts relating thereto, including but not limited to financial reporting risks and credit and liquidity risks.
9. Discuss with the CFO and other Corporation management the Corporation's major risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.
10. Discuss with the independent auditor (a) the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, (b) any difficulties encountered in the course of the audit work and management's response, (c) any restrictions on the scope of activities or access to requested information, and (d) any significant disagreements with management.
11. Receive reports from the independent auditor and management regarding the Corporation's internal control over financial reporting, and review and discuss the adequacy and effectiveness of the Corporation's internal control over financial reporting, including any disclosures made to the Audit Committee by the Corporation's Executive Chairman and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal control over financial reporting or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal control over financial reporting.
12. Receive reports from management regarding the Corporation's disclosure controls and procedures, and review and discuss the adequacy and effectiveness of the Corporation's disclosure controls and procedures.

Oversight of the Corporation's Relationship with the Independent Auditor

13. Have the sole authority to appoint and replace (as appropriate) the independent auditor, and 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). The independent auditor shall report directly to the Audit Committee.
14. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and reviewing and evaluating the lead partner of the independent auditor team.
15. Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Corporation by its independent auditor subject to the *de minimus* exception for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, and establish policies and procedures for the preapproval of auditing and permitted non-audit services to be provided by the independent auditor.

16. 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 Corporation and any other relationships that could impact independence.
17. Oversee the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law and evaluate periodically whether it is appropriate for the Corporation to rotate the independent auditing firm.
18. Establish policies for the Corporation's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Corporation.
19. Review with the independent auditor (a) accounting adjustments that were noted but "passed," (b) any issues on which the auditor's national office was consulted by the Corporation's audit team and (c) any management internal control letter proposed to be issued.
20. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

Compliance Oversight Responsibilities

21. Review and discuss with the principal internal auditor the scope and results of the internal audit program, including budget and staffing.
22. Oversee and review the Corporation's compliance program, including its policies and procedures regarding compliance with applicable laws and regulations and the Corporation's Code of Business Conduct and Ethics, and obtain reports from management and the independent auditor relating to the conformity by the Corporation and its subsidiary and affiliated entities with applicable legal requirements and the Corporation's Code of Business Conduct and Ethics.
23. Review and discuss related party transactions, approve and/or ratify the same pursuant to the related party transaction policy and Code of Business Conduct and Ethics. (If any Audit Committee Member is a participant in the transaction, he/she shall not participate in approval/ratification).
24. Establish and oversee procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

25. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting policies.