

## AUDIT COMMITTEE CHARTER

1. *Members.* The Board of Directors shall appoint an Audit Committee of at least three members, consisting entirely of independent directors of the Board, and shall either designate one member as chairperson or delegate the authority to designate a chairman to the Audit Committee. Members of the Audit Committee shall be appointed by the Board of Directors upon the recommendation of a majority of the independent directors and may be removed by the Board of Directors in its discretion. For the purposes hereof, the term "independent" shall mean a director who meets The Nasdaq Stock Market, Inc. ("NASDAQ") standards of "independence," as determined by the Board.

Each member of the Company's Audit Committee must be financially literate at the time of appointment, and at least one member of the Audit Committee must be an "audit committee financial expert," as determined by the Board. In addition, no Audit Committee member may have participated in the preparation of the financial statements of the Company or any of the Company's current subsidiaries at any time in the past three years.

2. *Purposes, Duties, and Responsibilities.* The purposes of the Audit Committee shall be to:

- assist the Board of Directors in discharging its oversight responsibility relating to: (i) the accounting, reporting, and financial practices of the Company and its subsidiaries, including the integrity of the Company's financial statements; (ii) the surveillance of administration and financial controls and the Company's compliance with legal and regulatory requirements; (iii) the outside auditing firm's qualifications and independence; and (iv) the performance of the Company's internal audit function and the Company's outside auditing firm; and
- prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement.

Among its specific duties and responsibilities, the Audit Committee shall, consistent with and subject to applicable law and rules and regulations promulgated by the SEC, NASD or other regulatory authority:

- (i) Be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation, retention and oversight of the work of the outside auditing firm. In this regard, the Audit Committee shall have the sole authority to: (A) appoint and retain, (subject to ratification by the Company's stockholders), (B) determine the funding for, and (C) when appropriate, terminate, the outside auditing firm, which shall report directly to the Audit Committee.
- (ii) Approve in advance all audit services to be provided by the outside auditing firm, including any written engagement letters related thereto. (By approving the audit engagement, the audit service contemplated in any written engagement letter shall be deemed to have been pre-approved.)
- (iii) Establish policies and procedures for the engagement of the outside auditing firm to provide permissible non-audit services, which shall require pre-approval by the Audit Committee of all permissible non-audit services to be provided by the outside auditing firm.
- (iv) Consider, at least annually, the independence of the outside auditing firm, including whether the outside auditing firm's performance of permissible non-audit services is compatible with the auditor's independence; obtain and review a report by the outside auditing firm describing any relationships between the outside auditing firm and the Company or any other relationships that may adversely affect the independence of the auditor; discuss with the outside auditing firm any disclosed relationships or services that may impact the objectivity and independence of the auditor; and present to the Board of Directors the Audit Committee's conclusions with respect to the independence of the outside auditing firm.
- (v) Review and discuss with the outside auditing firm: (A) the scope of the audit, the results of the annual audit examination by the auditor and any accompanying management letters, and any difficulties the auditor encountered in the course of their audit work, including any restrictions on the scope of the outside auditing firm's activities or on access to requested information, and any significant disagreements with management; and (B) any reports of the outside auditing firm with respect to interim periods.
- (vi) Review the report from the outside auditing firm on the critical accounting policies and the alternative treatments of financial information that have been discussed with management.
- (vii) Review and discuss with management and the outside auditing firm the annual audited and quarterly unaudited financial statements of the Company, including: (A) an analysis of the auditor's judgment as to the quality of the Company's accounting principles, setting forth significant financial reporting issues and

- judgments made in connection with the preparation of the financial statements; (B) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," including the development, selection and reporting of accounting policies that may be regarded as critical; (C) the steps that the Company is taking to review and assess its internal control over financial reporting; and (D) major issues regarding the Company's accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and financial statement presentations.
- (viii) Recommend to the Board based on the review and discussion described in paragraphs (v)-(vii) above, whether the financial statements should be included in the Annual Report on Form 10-K.
  - (ix) Periodically review and discuss the adequacy of the Company's internal controls, any significant deficiencies in internal controls, and significant changes in such controls; and review and discuss with the principal internal auditor of the Company and such others as the Audit Committee deems appropriate, the scope and results of the internal audit program.
  - (x) Periodically review and discuss the adequacy and effectiveness of the Company's disclosure controls and procedures and management reports thereon.
  - (xi) Review and discuss with management and the outside auditors any material financial or non-financial arrangements of the Company which do not appear on the financial statements of the Company.
  - (xii) Review any related party transactions involving directors or executive officers of the Company.
  - (xiii) Review, with the General Counsel, material pending legal proceedings involving the Company, other contingent liabilities, the Company's compliance policies, and any material reports or inquiries received from regulators or governmental agencies
  - (xiv) Establish procedures for receiving and handling complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.
  - (xv) Review and discuss corporate policies with respect to earnings press releases, as well as financial information and earnings guidance provided to analysts and investors.
  - (xvi) Review codes of conduct applicable to directors, officers and employees.
  - (xvii) Establish policies for the hiring of employees and former employees of the outside auditing firm.
  - (xviii) Evaluate annually the performance of the Audit Committee and the adequacy of the Audit Committee charter.
3. *Outside Advisors.* The Audit Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it determines appropriate to assist the Audit Committee in the performance of its functions. The Audit Committee shall have sole authority to approve related fees and retention terms and shall receive appropriate funding from the Company, as determined by the Audit Committee, for payment of fees to any such advisors.
4. *Meetings.* The Audit Committee will meet at least four times per year, either in person or telephonically, and at such times and places as the Audit Committee shall determine. The Audit Committee shall meet separately in executive session, periodically, with each of management, the principal internal auditor of the Company and the outside auditing firm. A majority of the members of the Audit Committee present in person or by telephone shall constitute a quorum. The Audit Committee shall maintain minutes or other records of its meetings and activities. The Audit Committee shall report regularly to the full Board of Directors with respect to its activities.