



## Charter for the Audit Committee of the Board of Directors

### Purpose

The Audit Committee's purpose is to oversee and monitor the accounting and financial reporting processes of the company and the audits of its financial statements. Such purpose shall include overseeing and monitoring (i) the integrity of the company's financial statements and its systems of internal accounting and financial controls, (ii) the independent auditor's qualifications and independence, and (iii) the performance of the company's internal audit function and independent auditors.

### Members

The Audit Committee shall have a minimum of three members appointed by the Board and every member of the Audit Committee shall meet the independence criteria of NASDAQ Rule 4200 and Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Act") and Rule 10A-3(b)(i) of the Act. All audit committee members must be able to read and understand fundamental financial statements, including the company's balance sheet, income statement and cash flow statement at the time they join the committee, and at least one member of the Audit Committee shall be a financial expert as defined by the SEC. No audit committee member shall have participated in the preparation of the financial statements of the company or any current subsidiary of the company during the past three years.

### Duties and Responsibilities

The Audit Committee shall prepare the audit committee report that SEC rules require to be included in the company's annual proxy statement including the review of financial statements with management, review of SAS 61 with the independent auditors, and review of the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No.1.

The Audit Committee shall have the sole authority to appoint or replace the independent auditor (including oversight of audit partner and internal auditor rotation), as well as any internal auditor. The Audit 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 Audit Committee.

The Audit Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the company by its independent auditor, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members of the Audit Committee 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 Audit Committee at its then next scheduled meeting.

The Audit Committee shall have the 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 Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report, compensation to any advisors employed by the Audit Committee and the ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually, recommend any proposed changes to the Board for approval, and have the document published at least every three (3) years in accordance with Securities and Exchange Commission ("SEC") regulations. The Audit Committee shall annually review the Audit Committee's own performance.

The Audit Committee shall perform any other activities consistent with this Charter, the company's Bylaws and governing law, as the Audit Committee or the Board deems necessary or appropriate.

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

Financial Statement Matters

1. Discuss the company's annual audited financial statements with management and the independent auditor, including the company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and recommend to the Board whether the audited financial statements should be included in the company's Form 10-K.
2. Discuss the company's quarterly financial statements prior to the filing of its Form 10-Q, with management and the independent auditor, including the results of the independent auditor's review of the quarterly financial statements.
3. Discuss earnings press releases, as well as financial information and earnings guidance.
4. 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, any major issues as to the adequacy of the company's internal controls and any special steps adopted in light of any material control deficiencies.
5. 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 generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
  - (c) Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
6. Review any disclosures made to the Audit Committee by the company's CEO 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 controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the company's internal controls.
7. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as any off-balance sheet structures on the company's financial statements.
8. Discuss with management policies with respect to risk assessment and risk management.

9. Consider and review with management and the independent auditor:
  - (a) The company's annual assessment of the effectiveness of its internal controls.
  - (b) The adequacy of the company's internal controls including, but not limited to, computerized information system controls and security.
  - (c) Any related significant findings and recommendations of the independent auditor or the internal auditor.

#### Independent Auditors

1. At least annually, obtain and review a report by the independent auditor describing: the firm's internal quality control procedures; 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, and any steps taken to deal with any such issues; and (to assess the auditor's independence) 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, and taking into account the opinions of management and internal auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.
2. Ensure 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.
3. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.
4. Set clear policies for the company's hiring of employees or former employees of the independent auditor.
5. Review with the independent auditor any audit problems or difficulties and management's response.
6. Approve the fees and other significant compensation to be paid to the independent auditors.

#### Internal Audit Function.

1. Review the company's internal audit processes and policies.
2. Review and approve the appointment, performance and replacement of the senior internal audit executive.
3. Review significant reports to management prepared by the internal auditing department and management's responses.
4. 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.

1. Establish procedures to anonymously and confidentially handle complaints received by the company regarding accounting, internal accounting controls and auditing matters, and the confidential, anonymous submission to it by employees of the company of concerns regarding questionable accounting or auditing matters.
2. As appropriate, obtain advice and assistance from outside legal, accounting or other advisors.
3. Review the CEO and CFO reports made in connection with their certification of the company's Reports on Form 10-K and 10-Q.
4. Review the selection of outside counsel with respect to matters related to SEC and NASDAQ compliance.
5. Review such legal matters as may have a material impact on the financial statements or the company's governance policies.

### Meetings

The Audit Committee shall meet at least quarterly and periodically shall meet separately with management, with the internal auditors and with the independent auditors in executive sessions.