



AUDIT COMMITTEE CHARTER

Purpose

The Audit Committee has been established by the Board of Directors to assist the Board in fulfilling its fiduciary responsibilities by overseeing the quality and integrity of the Company's financial statements, the financial reporting processes, internal accounting and financial controls, the qualifications and independence of the independent auditors, the annual independent audit of the Company's financial statements, and other aspects of the financial management of the Company, including overseeing the establishment and maintenance of processes to assure compliance by the Company with all applicable laws, regulations and Company policy. In so doing, it is the responsibility of the Audit Committee to foster free and open means of communication between the directors, the independent auditors and the financial management of the Company.

Organization

The Committee shall consist of at least three members elected by the Board at the first Board meeting following the annual shareholders' meeting to serve until their successors shall be duly elected and qualified. The Chair of the Committee shall be designated by the Board. The composition of the membership of the Committee shall comply with all applicable statutes and the rules and regulations of the Securities and Exchange Commission ("SEC") and the Nasdaq Stock Market. Each member will be free of any relationship that, in the opinion of the Board, would interfere with his or her individual exercise of independent judgment.

Meetings

The Committee shall meet at such times as it determines, but not less frequently than quarterly. Special meetings may be called by the Chair. The Committee will cause to be kept adequate minutes of all of its proceedings, and will report its actions to the next meeting of the Board. The Committee will be governed by the same rules regarding meetings, action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. As part of its obligation to foster open communications, the Committee shall meet from time to time with management and the independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

Authority of Committee

The Committee shall have the sole authority to appoint and dismiss the Company's independent auditors. The independent auditor shall report directly to the Committee. The Committee shall have the sole authority to approve the amount of fees and other terms of any engagement by the Company of the independent auditors. The Committee shall have the authority to retain special legal, accounting or other consultants to advise the Committee. The Committee may request any director, officer or employee of the Company or the Company's outside counsel, or independent auditor or other consultant to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee may form and delegate authority to a subcommittee of the Committee, consisting of one or more members of the Committee, whenever it deems appropriate.

Responsibilities and Duties

To fulfill its responsibilities and duties the Committee shall:

Independent Audit and Independent Auditors.

- Appoint and dismiss the Company's independent auditors.
- Review and approve the independent auditor's proposed audit scope, approach, staffing and fees.
- Pre-approve all audit and permitted non-audit services to be performed by the independent auditors subject to such procedures as may be established by the Committee.
- At least annually, obtain and review a report by the independent auditors describing the firm's internal quality-control procedures, any material issues raised by the most recent internal quality-control 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.
- Receive on a periodic basis, not less frequently than annually, from the independent auditors a written statement delineating all relationships between the independent auditors and the Company, including each non-audit service provided to the Company.
- Actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors.
- Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit.
- Receive and review with management any management letter provided by the independent auditors and the Company's response to that letter, review with the independent auditors any problems or difficulties the auditors may have encountered and any disagreements with management.
- Discuss with the independent auditor whether it has identified the existence of any issues of the type described in Section 10A of the Securities Exchange Act of 1934 (concerning detection of illegal acts).
- Review and approve hiring policies for employees or former employees of the independent auditors.

Financial Statement Review.

- Oversee the annual and quarterly financial reporting processes.
 - o The Committee shall review with management and the independent auditors the financial statements and Management's Discussion and Analysis ("MD&A") to be included in the Company's Annual Report on Form 10-K prior to filing or distribution, including the applicability of critical accounting policies, the reasonableness of significant judgments and the clarity of the disclosures in the financial statements. The Committee shall also discuss the results of the annual audit and any other matter required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.
 - o The Committee shall review with management the interim financial statements and MD&A to be included in the Company's quarterly reports on Form 10-Q prior to filing or distribution. The Committee shall also discuss the results of the quarterly reviews and any other matters required to be communicated to the Committee by the independent auditors under current regulations and standards.

- Discuss with management the Company's earnings press releases, including the use of non-GAAP information, as well as financial information and earnings guidance provided to analysts.
- Obtain and review periodic reports at least annually from management and the independent auditors assessing the effectiveness of the Company's internal control structure and procedures for financial reporting and including:
 - o all significant deficiencies or material weaknesses in the design or operation of internal controls,
 - o any fraud, whether or not material, that involves management or other employees having a significant role in the internal controls, and
 - o all significant changes to internal controls, including corrective actions, since the last report to the Committee.

Company's Obligations

The Company shall be obligated to provide for appropriate funding, as determined by the Committee, for payment for:

- Compensation to any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.
- Compensation to any advisors employed by the Committee.
- Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Compliance Matters

Review the Company's Code of Conduct on at least an annual basis.

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 the Company of concerns regarding questionable accounting or auditing matters.

Review reports and disclosures of insider and affiliated party transactions to be provided periodically, and not less often than annually, by the Company's general counsel. The Committee's approval shall be required for all related party transactions which are required to be disclosed pursuant to SEC Regulation S-K, Item 404.

Review with the Company's counsel legal and regulatory matters that may have a material impact on the Company's financial statements.

Review and discuss guidelines and policies by which the Company undertakes risk assessment and risk management.

Reports

Prepare the report required by the rules of the SEC to be included in the Company's proxy statement.

Review and reassess the adequacy of this charter annually and submit any recommended changes to the Board for approval. Conduct an evaluation of the Committee's performance at least annually. The Chair of the Committee shall regularly report to the Board regarding the Committee's actions.