



## AUDIT COMMITTEE CHARTER

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(As Amended by the Board of Directors on April 29, 2008)

### *Purpose*

To assist the Board in fulfilling its oversight responsibilities related to the accounting and financial reporting processes and audits of the financial statements of the Company.

### *Membership Structure*

The Audit Committee shall be comprised solely of independent directors<sup>1</sup>, each of whom is able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement or will become able to do so within a reasonable period of time after his or her appointment to the committee. Additionally, the committee will have at all times, at least one member that has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. The Audit Committee shall also include an "Audit Committee Financial Expert", which is defined as a person who has the following attributes: (i) an understanding of generally accepted accounting principles and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; (iv) an understanding of internal controls and procedures for financial reporting; and (v) an understanding of audit committee functions.

### *Meetings*

The Committee shall meet on at least a quarterly basis.

### *Scope of Responsibilities*

- Select, evaluate, and oversee the Company's independent accountants.
- Ensure a formal written statement delineating all relationships between the auditor and the Company, consistent with Independence Standards Board Standard 1, and the Committee's responsibility for actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and for taking, or recommending that the full board take, appropriate action to oversee the independence of the outside auditor, is received from the outside auditors.
- Ensure that all critical accounting policies and practices and alternative accounting treatments are communicated by the independent accountants to the Committee, other material written communications are maintained by the Committee, and such communications occur prior to the filing of the Company's annual reports or proxy statements, as well as prior to filing registration statements and other periodic or current reports when audited reports are included.
- Ensure disclosure in periodic reports of non-audit services approved by the Committee.
- Ensure that the outside auditor's ultimate accountability is to the Committee and the Board of Directors, as representatives of stockholders, and these stockholders representatives' ultimate authority and responsibility is to select, evaluate, and, where appropriate, replace the outside auditor.

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<sup>1</sup> *Independence.* In general, each member of the Audit Committee shall be a member of the board of directors of the Company, and shall otherwise be independent. In order to be considered to be independent for purposes of the Section 10A of the Exchange Act, a member of an audit committee of an issuer may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: (i) accept any consulting, advisory, or other compensatory fee from the issuer; or (ii) be an affiliated person of the issuer or any subsidiary thereof. The SEC may exempt from the foregoing requirements a particular relationship with respect to audit committee members, as the SEC determines appropriate in light of the particular circumstances. Independent directors are not officers of the Company and are in view of the Company's Board of Directors, free of any relationship that would interfere with the exercise of independent judgment. The following persons shall not be considered independent: (a) a director who is employed by the Company or any of its affiliates for the current year or any of the past three years; (b) a director who accepts any compensation from the Company or any of its affiliates in excess of \$120,000 during the previous fiscal year, other than compensation for Board service, benefits under tax-qualified retirement plan, or non-discretionary compensation; (c) a director who is a member of the immediate family of an individual who is, or has been in any of the past three years, employed by the Company or any of its affiliates as an executive officer. Immediate family includes a person's spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law and anyone who resides in such person's home; (d) a director who is a partner in, or a controlling shareholder or an executive officer of, any for-profit business organization to which the Company made, or from which the Company received, payments (other than those arising solely from investments in the Company's securities) that exceed 5% of the Company's or business organization's consolidated gross revenues for that year, or \$200,000, whichever is more, in any of the past three years; or (e) a director who is employed as an executive of another entity where any of the Company's executives serve on that entity's compensation committee.

- ❑ External/internal audit plan.
- ❑ External/internal audit reports and management letter.
- ❑ Interface between management and the independent accountants to review the scope of the annual audit to be performed.
- ❑ Systems of internal control.
- ❑ Review annual and quarterly financial statements, and other periodic reports containing financial statements.
- ❑ Review and pre-approve the scope of services to be provided by the independent registered public accountants, including all audit and non-audit services (i.e. all Audit Fees, Audit-Related Fees, Tax Fees, and All Other Fees).<sup>2</sup>
- ❑ Procedures for handling complaints regarding the Company’s accounting practices.
- ❑ Authority to bind the Company for funding for the independent auditor and any outside advisor(s) engaged by the Audit Committee.

### ***Responsibilities, Authority, and Procedures***

The Committee shall have specific responsibilities, authority, and procedures necessary to comply with applicable Rule 10A provisions under the Exchange Act of 1934, as amended (the “Exchange Act”), concerning responsibilities relating to:

1. Annual assessment of the adequacy of the Committee’s charter;
2. Registered public accounting firm;<sup>3</sup>
3. Internal control over financial reporting and certification of disclosure reports pursuant to Section 229.308 of Regulation S-K under the Exchange Act;
4. Complaints relating to accounting, internal accounting controls or auditing matters;<sup>4</sup>
5. Preparation of the Committee report required under the Exchange Act;
6. Authority to engage advisors;<sup>5</sup> and
7. Funding as determined by the Committee.<sup>6</sup>

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<sup>2</sup> Section 201(a) of the Sarbanes-Oxley Act adds new Section 10A(g) to the Exchange Act. Except as discussed hereinbelow, this section states that it shall be unlawful for a registered public accounting firm that performs an audit of an issuer’s financial statements (and any person associated with such a firm) to provide to that issuer, contemporaneously with the audit, any non-audit services, including the nine categories of services set forth in the Exchange Act. Additionally, the Exchange Act provides that the provision of “any non-audit service, including tax services, that is not described” as a prohibited service, ***can be provided by the auditor without impairing the auditor’s independence “only if” the service has been pre-approved by the issuer’s audit committee*** (emphasis added). The nine categories of prohibited non-audit services included in the applicable Exchange Act are: (1) bookkeeping or other services related to the accounting records of financial statements of the audit client; (2) financial information systems design and implementation; (3) appraisal or valuation services, fairness opinions, or contribution-in-kind report; (4) actuarial services; (5) internal audit outsourcing services; (6) management functions or human resources; (7) broker or dealer, investment advisor, or investment banking services; (8) legal services and experts services unrelated to the audit; and (9) any other service that the Board (as used in this section of the Exchange Act, the term Board refers to the Public Company Oversight Board) determines, by regulation, is impermissible.

<sup>3</sup> The Audit Committee of the Company, in its capacity as a committee of the board of directors, shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such registered public accounting firm must report directly to the Committee.

<sup>4</sup> The Audit Committee shall establish procedures for: (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

<sup>5</sup> The Audit Committee shall have the authority to engage independent counsel and other advisors, as it determines necessary to carry out its duties.

<sup>6</sup> The Audit Committee shall provide for appropriate funding, in its capacity as a committee of the board of directors, for payment of: (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any advisors employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.