



## **AUDIT COMMITTEE CHARTER**

### **General Statements of Policy**

The Audit Committee (“Committee”) of the Board of Directors (“Board”) reports directly to the Board and assists it in fulfilling its oversight responsibilities to stockholders, potential stockholders, the investment community, and others related to (i) the integrity of the Company’s financial statements; the financial reporting process; the systems of internal accounting and financial controls, (ii) the performance of the Company’s internal audit function and independent auditors; (iii) the independent auditor’s qualifications and independence; and (iv) the Company’s compliance with ethics policies and legal and regulatory requirements. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, the internal auditors, and management of the Company.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.

### **Membership**

Number of Members/Independence. The Committee shall consist of three or more Board members who are independent of management and the Company and are free of any relationship that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgment as a Committee member.

Financial Literacy. All members of the Committee shall be financially literate, and at least one member of the Committee shall be a “financial expert,” as defined by SEC regulations. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant. Members of the Committee shall be appointed and removed at the discretion of the Board.

## **Meetings**

**Timing of Meetings/Procedures.** The Committee's regular meetings shall coincide with the regular quarterly meetings of the Board. The business of the Committee shall be conducted at its regular meetings, at special meetings or by unanimous written consent. Special meetings may be called by any Committee member, by the Chairman of the Board, or by the Presiding Director of the Board. Adequate notice of the place, date, and time of each special meeting of the Committee shall be given in accordance with such policies and procedures adopted by the Committee from time to time. At any meeting of the Committee, the greater of 2 members or a majority of the members of the Committee shall constitute a quorum.

**Meetings with Management and Auditors.** The Committee shall meet separately periodically with management, the internal auditors, and the independent auditors to discuss issues and concerns warranting Committee attention. The Committee shall provide sufficient opportunity for the internal auditors and the independent auditors to meet privately with the members of the Committee. The Committee shall review with the independent auditor any audit problems or difficulties and management's response.

## **Records and Reports**

The Committee, with the assistance of the Corporate Secretary, shall maintain a record of the Committee's actions. The Committee shall report to the Board of Directors on any matter that the Committee deems necessary or desirable for the Board to carry out its duties.

## **Duties and Responsibilities**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, so that it can most effectively react to changing conditions and circumstances. The Committee should take appropriate actions to set the overall corporate "tone" for high quality financial reporting, sound business risk practices, and ethical behavior.

The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

## Annual Audit

1. Oversight of Independent Auditors. The Committee shall be directly responsible for the appointment and termination (subject, if applicable, to shareholder ratification), compensation, and oversight of the work of the independent auditors, including resolution of disagreements between management and the auditor regarding financial reporting. The Committee shall preapprove all audit and non-audit services provided by the independent auditors and shall not engage the independent auditors to perform the specific non-audit services proscribed by law or regulation. The Committee may delegate pre-approval authority to a member of the audit Committee. The decisions of any audit Committee member to whom pre-approval authority is delegated must be presented to the full audit Committee at its next scheduled meeting.

2. Annual Report from Auditors. At least annually, the Committee shall obtain and review a report by the independent auditors describing:

- a. The firm'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, and any steps taken to deal with any such issues.
- c. All relationships between the independent auditor and the Company (to assess the auditor's independence).

3. Additional Audit Related Activities. In addition to the foregoing activities, the Committee shall:

- a. Set clear hiring policies for employees or former employees of the independent auditors that meet the SEC regulations and NASDAQ listing standards;
- b. Receive regular reports from the independent auditor on the critical policies and practices of the Company, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management;
- c. Review, assess and report to the Board on the annual performance of the Independent Auditor and the Chief Financial Officer;
- d. Review any proposed discharge of outside auditors or the Chief Financial Officer; and
- e. Report to the Board the results of the external audit, the audited financial statements, the auditor's management letter, and management's response.

## Compliance

In accordance with its oversight responsibilities relating to legal and regulatory compliance, the Committee shall take the following actions.

1. Internal Controls

a. The Committee shall discuss with management, the internal auditors, and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk.

b. The Committee shall review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditors' report on management's assertion.

c. The Committee shall review and discuss with the internal auditors matters related to the internal audit functions, including: (i) purpose, authority and organizational reporting lines and (ii) annual audit plan, budget and staffing.

d. The Committee shall review the results of the internal audit program with the internal auditors at least annually.

2. Reporting Systems. The Committee shall:

a. Assure that the Company has the information, reporting systems, procedures, policies and controls in place to promote compliance by employees, management, and the Board, with laws, regulations, and the Invitrogen Protocol and monitor the operation of those systems, procedures and policies;

b. Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters, and matters relating to the Invitrogen Protocol, and the confidential, anonymous submission by employees of concerns regarding such matters;

c. Receive corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty;

3. Investigations. The Committee shall promptly investigate and address concerns or compliance failures raised by internal reporting or compliance procedures or by the Independent Auditor.

4. Approval of Related Party Transactions. The Committee shall review and approve all related-party transactions. (For these purposes, a "related party" is one who can exercise control or significant influence over another party, to the extent that one of the parties may be prevented from pursuing its own separate interests.)

### **Periodic Reporting and Earnings Press Releases**

1. Form 10-Q. The Committee shall review the interim financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations prior to the filing of the Company's Quarterly Report on Form 10-Q. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.

2. Form 10-K. The Committee shall review with management and the independent auditors the financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in the Company's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K), including their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements, and shall make a recommendation to the Board regarding the inclusion of such statements and disclosures in such Report and any related press release. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.

3. Report for Proxy Statement. The Committee shall prepare its report to be included in the Company's annual proxy statement, as required by SEC regulations.

4. Earnings Press Releases. The committee shall review and discuss with management the financial schedules included in quarterly earnings press releases.

### **Annual Reviews**

1. Charter. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

2. Committee Performance. The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.