

MERIX CORPORATION
AUDIT COMMITTEE CHARTER

I. Purpose and Authority

The Audit Committee (the "*Committee*") of the Board of Directors of Merix Corporation, (the "*Company*") shall assist the Board of Directors (the "*Board*") in fulfilling its oversight responsibilities with respect to (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the Company's systems of internal controls regarding finance and accounting as established by management, (4) the independent auditor's qualifications and independence, (5) the performance of the Company's independent auditors and internal audit function (if any) , (6) the Company's auditing, accounting and financial reporting processes generally, and (7) compliance with the Company's ethical standards for senior financial officers and all Company personnel. To this end, the Committee will maintain free and open communication with the Board, the independent auditors, the Company's internal auditor (if any), financial management and all employees of the Company.

The Committee shall have all authority necessary to fulfill the duties and responsibilities assigned to the Committee in this Charter or otherwise assigned to it by the Board. As the Committee deems appropriate, it may retain independent counsel, accounting and other professionals to assist the Committee without seeking Board approval with respect to the selection, fees or terms of engagement of any such advisors.

II. Committee Membership

Composition and Organization

- (a) The Committee shall be composed of three or more directors, as determined by the Board, each of whom shall meet the independence requirements established by the Board, the Nasdaq Stock Market and any other regulations applicable to the Company from time to time, including regulations limiting Committee member compensation.
- (b) The members of the Committee shall be appointed by a majority of independent members of the Board. The Board may remove any member from the Committee at any time with or without cause.

- (c) The Committee when appropriate may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee.
- (d) In the absence of a member designated by the Board to serve as chair, the members of the Committee may appoint from among their number a person to preside at their meetings.

2. *Financial Literacy/Expertise*

- (a) Each Committee member must, at a minimum, be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement.
- (b) At least one Committee member shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the member's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities, and shall be a "financial expert" in accordance with such regulations as may be applicable to the Company from time to time.

3. *Service on Other Public Company Audit Committees*

No member of the Committee shall serve on more than three audit committees of publicly traded companies at the same time such member serves on this Committee, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on this Committee.

III. Meetings

The Committee shall establish a meeting calendar annually, which shall include at least four quarterly meetings for the year. The Committee may hold such other meetings as are necessary or appropriate in order for the Committee to fulfill its responsibilities.

The Committee shall meet as required in separate executive sessions with management, the independent auditor and internal audit personnel (if any) to discuss matters that the Committee or the other groups believe warrant Committee attention.

IV. Duties and Responsibilities

The Committee shall have the following duties and responsibilities, in addition to any duties and responsibilities assigned to the Committee from time to time by the Board.

1. *Engagement of Independent Auditor*

- (a) Have the sole authority and responsibility to appoint, determine and approve compensation of, oversee and evaluate and, where appropriate, replace the independent auditor. The independent auditor shall report directly to the Committee. The Committee shall consult with management, but shall not delegate the responsibilities set forth in this paragraph.
- (b) Pre-approve the retention of the independent auditor for all audit and such non-audit services as the independent auditor is permitted to provide the Company and approve the fees for such services, other than de minimus non-audit services allowed by relevant law. In considering whether to pre-approve any non-audit services, the Committee shall consider whether the provision of such services is compatible with maintaining the independence of the auditor.
- (c) Ensure that the Committee's approval of any audit services is publicly disclosed pursuant to applicable laws, rules and regulations.

2. *Evaluate Independent Auditor's Qualifications, Performance and Independence*

- (a) At least annually, evaluate the independent auditor's qualifications, performance and independence, including that of the lead partner. Ensure that the independent auditor's lead partner and reviewing partner are replaced every five years. Consider, from time to time, whether a rotation of the independent auditing firm would be in the best interests of the Company and its shareholders.
- (b) Review the scope of work including the auditor's expected reliance upon Company personnel and resolve disagreements between management and the independent auditor.
- (c) At least annually, obtain and review the letter and written disclosures from the independent auditor consistent with Independence Standards Board Standard No. 1, including a formal written statement by the independent auditor delineating all relationships between the auditor and the Company;

actively engage in a dialogue with the auditor with respect to that firm's independence and any disclosed relationships or services that may impact the objectivity and independence of the auditor; and take, or recommend that the Board take, appropriate action to oversee the independence of the outside auditor.

- (d) Discuss with the independent auditor the matters required to be discussed by Statement of Auditing Standards ("SAS") No. 61, *Communications with Audit Committee*, SAS No. 89, *Audit Adjustments*, and SAS No. 90, *Audit Committee Communications*, all as amended from time to time, together with any other matters as may be required for public disclosure or otherwise under applicable laws, rules and regulations.
- (e) Review with the independent auditor any audit problems or difficulties or significant issues encountered in the course of the audit work, including any restrictions on the scope of activities, access to required information, disagreements with management or the adequacy of internal controls and management's response.
- (f) Set clear policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account, and ensure that such policies comply with any regulations applicable to the Company from time to time
- (g) Present the Committee's conclusions regarding the performance, qualifications and independence of the independent auditor to the full Board.

3. *Annual Review of Financial Statements and Financial Disclosure*

- (a) Prior to its filing, meet with management and the independent auditor to review and discuss the annual audited financial statements, the report of the independent auditor thereon, and the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- (b) Obtain and review timely reports from management and/or the independent auditor regarding (1) all critical accounting policies and practices used, (2) significant financial reporting issues and judgments, (3) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and

- (4) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- (c) Review changes in regulatory, accounting and auditing standards that may materially affect the Company's financial reporting practices and consider any off-balance sheet structures
- (d) Review any reports by management regarding the effectiveness of, or any deficiencies in, the design or operation of internal controls and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls. Review any report issued by the Company's independent auditor regarding the Company's internal controls.
- (e) Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management guidelines and policies.
- (f) If so determined by the Committee, recommend to the Board whether the audited financial statements should be included in the Company's annual report on Form 10-K.

4. *Quarterly Review of Financial Statements and Financial Disclosure*

- (a) Prior to its filing, meet with management and the independent auditor to discuss the quarterly financial statements, including proposed significant or new disclosure requirements, any off-balance sheet structures and the adequacy of reserves and estimates.
- (b) Prior to their public release, review and discuss earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as the financial information and earnings guidance provided to analysts and rating agencies.

5. *Internal Audit Function*

- (a) Periodically assess the appropriateness of an internal audit function.
- (b) Review the responsibilities, functions and performance of the Company's internal audit department (if any), including internal audit plans, budget, and the scope and results of internal audits (if any). Review the adequacy of

the internal audit personnel including the appointment or replacement of the senior internal audit executive (if any).

- (c) Review and discuss with the independent auditor the responsibilities, budget and staffing of the Company's internal audit function, if any.

6. *Ethics Compliance and Complaint Procedures*

- (a) Develop and monitor compliance with a code of ethics for senior financial officers pursuant to and to the extent required by regulations applicable to the Company from time to time.
- (b) Develop and monitor compliance with a code of conduct for all Company employees, officers and directors pursuant to and to the extent required by regulations applicable to the Company from time to time.
- (c) Establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

7. *Other Responsibilities*

- (a) Review and approve all related-party transactions, including transactions between the Company and its officers or directors or affiliates of officers or directors.
- (b) Prepare (or cause to be prepared) the report required by the rules of the SEC to be included in the Company's annual proxy statement.
- (c) At least annually, review the Company's expense reimbursement policies with respect to executive officers and members of the Board, including a review of perquisites and expense accounts.
- (d) At least annually, review the Company's electronic data processing facilities, including protections against fraud or misuse.

V. Reports to the Board

The Committee shall report regularly to the Board any issues that arise with respect to the quality and integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence

of the internal and independent auditors, the performance of the internal audit function (if any) and any other significant matters arising from the Committee's work. The minutes of Committee meetings shall be made available to the Board, if requested.

VI. Evaluation

The Committee shall review and reassess this Charter at least annually and, if appropriate, propose changes to the Board. The Committee shall obtain or perform an annual evaluation of the Committee's performance and make applicable recommendations for improvement.

VII. Limitation of Audit Committee Role

As an oversight body, it is not the responsibility of the Committee to plan or conduct audits or to determine whether the Company's financial statements are complete and accurate or in accordance with generally accepted accounting principles; rather, this is the responsibility of management and the independent auditors.