

## **HYPERCOM CORPORATION**

### **AUDIT COMMITTEE OF THE BOARD OF DIRECTORS CHARTER**

#### **I. PURPOSE AND AUTHORITY**

The Audit Committee (the “Committee”) is responsible for assisting the Board of Directors (the “Board”) in fulfilling its oversight responsibilities concerning (1) the integrity of the Corporation’s financial statements, (2) the Corporation’s compliance with legal and regulatory requirements, (3) the independent auditor’s qualifications and independence, and (4) the performance of the Corporation’s internal audit function and independent auditors. The Committee will fulfill this role by reviewing: the financial reports and other financial information provided by the Corporation to any governmental body or the public; the Corporation’s systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; the Corporation’s internal audit function and the Corporation’s auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to the Corporation’s policies, procedures and practices at all levels. The Audit Committee shall have the sole authority to appoint or replace the independent accountants and shall approve all audit engagement fees and terms and all non-audit engagements with the independent accountants. The Audit Committee shall consult with management but shall not delegate these responsibilities.

The Audit Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation’s financial reporting process, internal control system and internal audit function.
- Review and appraise the audit efforts of the Corporation’s independent accountants and internal audit function.
- Provide an open avenue of communication among the independent accountants, financial and senior management, the internal auditing department, and the Board of Directors.
- Review the independent auditor’s qualifications and independence.
- Review the compliance by the Corporation with legal and regulatory requirements.
- Prepare the report required by the rules of the Securities and Exchange Commission to be included in the Corporation’s annual proxy statement.
- Make regular reports to the Board.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain special legal, accounting or other consultants to advise the Audit Committee. The Audit Committee may request any officer or employee of the Corporation's or the Corporation's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Corporation will provide for appropriate funding, as determined by the Audit Committee, for payment of: (i) compensation to any independent accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, (ii) compensation to any other advisers employed by the Audit Committee as the Audit Committee deems necessary; and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

## **II. COMPOSITION**

The Audit Committee shall be comprised of three or more directors. The members of the Audit Committee shall meet the independence, experience, and financial literacy requirements of the NYSE, including the more rigorous independence requirement for members of the audit committee.

All members of the Committee shall have a working familiarity with basic finance and accounting practices, and the Chair shall be a "financial expert," within the meaning of applicable SEC rules. Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

## **III. MEETINGS**

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management and the independent accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the independent accountants and management quarterly to review the Company's financial statements consistent with IV.3. below.

## **IV. RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties the Audit Committee shall:

### **DOCUMENTS/REPORTS REVIEW**

1. Review and update this Charter periodically, at least annually, as conditions dictate. The Audit Committee shall annually review the Committee's own performance.

2. Review and discuss with management and the independent accountants the Corporation's annual audited financial statements and any reports or other financial information submitted to any governmental body, or the public, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as any certification, report, opinion or review rendered by the independent accountants, and recommend whether the audited financial statements shall be included in the Corporation's Form 10-K.
3. Review and discuss with management and the independent accountants the Corporation's quarterly financial statements and Form 10-Q . Review and discuss the Corporation's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. The Chair of the Committee may represent the entire Committee for purposes of this review.

#### INDEPENDENT ACCOUNTANTS

4. Appoint, retain and oversee the work of the independent accountants (including resolution of disagreements between management and the auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. All independent accounting firms engaged by the Corporation will report directly to the audit committee.
5. Pre-approve any services provided by the independent accountants. The Audit Committee may delegate this authority to one or more members of the Committee.
6. Ensure that under no circumstances may the Corporation's independent accountants provide any of the following services to the Corporation:
  - (a) bookkeeping or other services related to the accounting records or financial statements of the Corporation;
  - (b) financial information systems design and implementation;
  - (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
  - (d) actuarial services;
  - (e) internal audit outsourcing services;
  - (f) management functions;

- (g) human resources services;
  - (h) broker or dealer, investment advisor, or investment banking services;
  - (i) legal services; and
  - (j) expert services unrelated to the audit.
7. Review the performance of the independent accountants and approve any proposed discharge of the independent accountants when circumstances warrant.
  8. Periodically consult with the independent accountants out of the presence of management about internal controls and the fullness and accuracy of the organization's financial statements.
  9. Review the experience and qualifications of the senior members of the independent accountant team.
  10. Obtain and review a report from the independent auditor at least annually regarding (a) the accountant's internal quality-control procedures, (b) any material issues raised by the most recent quality-control review, or peer review, of the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent accountant and the Corporation. Evaluate the qualifications, performance and independence of the independent accountant, including considering whether the accountant's quality controls are adequate and the provision of non-audit services is compatible with maintaining the accountant's independence, and taking into account the opinions of management and the internal auditor. The Audit Committee shall present its conclusions to the Board and, as necessary, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the accountants.
  11. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the lead audit partner or even the independent accounting firm itself on a regular basis.
  12. Set clear policies for the Corporation's hiring of employees or former employees of the independent accountant who were engaged on the Corporation's account.
  13. Discuss with the independent accountant issues on which the accountant's national office was consulted by the Corporation's audit team, and matters of audit quality and consistency.
  14. Meet with the independent accountant prior to the audit to discuss the planning and staffing of the audit.

## FINANCIAL REPORTING PROCESSES

15. Discuss with management and the independent accountants significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls, the development, selection and disclosure of critical accounting estimates, and analyses of the effect of alternative assumptions, estimates or GAAP methods on the Corporation's financial statements.
16. Discuss with management and the independent accountants the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.
17. Periodically, meet separately with the internal auditors (or other personnel responsible for the internal audit function).
18. Discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.

## PROCESS IMPROVEMENT

19. Establish regular and separate systems of reporting to the Audit Committee by each of management and the independent accountants any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
20. Following completion of the annual audit, review separately with each of management and the independent accountants any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
21. Review any audit problems or difficulties among management and the independent accountants in connection with the preparation of the financial statements, and management's response.
22. Review with the independent accountants and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.)

## ETHICAL AND LEGAL COMPLIANCE

23. Establish procedures for:

- (a) The receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (b) The confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- 24. Review and update periodically the Corporation's Code of Ethics and ensure that management has established a system to enforce these policies.
  - 25. Review management's monitoring of the Corporation's compliance with the organization's conduct policies, and ensure that management has the proper review system in place to ensure that Corporation's financial statements, reports and other financial information disseminated to governmental organizations, and the public, satisfy legal requirements.
  - 26. Review, with the organization's counsel, legal compliance matters including corporate securities trading policies.
  - 27. Review, with the organization's counsel, any legal matter that could have a significant impact on the Corporation's financial statements.
  - 28. Perform any other activities consistent with this Charter, the Corporation's Bylaws and governing law, as the Audit Committee or the Board deems necessary or appropriate.