



## **Amended and Restated Charter – Audit Committee (Effective February 19, 2004)**

### **Membership**

The audit committee shall consist of three or more directors who in the judgment of the Board of Directors meet the independence, experience and other requirements of the listing standards adopted by NASDAQ ("NASDAQ Rules") and the rules and regulations of the Securities and Exchange Commission ("Commission"). At least one member of the Audit Committee shall in the judgment of the Board of Directors be an audit committee financial expert in accordance with the rules and regulations of the Commission and at least one member (who may also serve as the audit committee financial expert) shall in the judgment of the Board of Directors be financially sophisticated within the meaning of the NASDAQ Rules.

### **Purpose and Scope**

The Audit Committee assists the Board of Directors with oversight of: (a) the integrity of the Company's financial statements, (b) the Company's compliance with legal and regulatory requirements, (c) the independent auditor's qualifications and independence, (d) the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company and (e) the performance of the Company's internal audit function and of the independent auditor. The Audit Committee relies on the expertise and knowledge of management, the internal auditors, and the independent auditor in carrying out its oversight responsibilities. Management of the Company is responsible for determining the Company's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. The independent auditor is responsible for auditing the Company's financial statements. It is not the duty of the Audit Committee to plan or conduct audits, to determine that the financial statements are complete and accurate and in accordance with generally accepted accounting principles, or to assure compliance with laws and regulations or the Company's internal policies, procedures and controls.

### **Responsibilities**

1. Be directly responsible for (a) appointing and retaining (subject to ratification by the Company's stockholders), and terminating when appropriate, the independent auditor, (b) setting the independent auditor's compensation, (c) overseeing the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting), and (d) pre-approving all audit services to be provided by the independent auditor. The independent auditor shall be accountable to and report directly to the Audit Committee.

2. Pre-approve all permitted non-audit services to be performed by the independent auditor or establish pre-approval policies and procedures for the engagement of the independent auditor to provide permitted non-audit services.
3. Take appropriate action to oversee the independence of the independent auditor, including, at least annually: (a) considering the independence of the independent auditor, including whether the provision by the independent auditor of permitted non-audit services is compatible with independence; (b) obtaining and reviewing from the independent auditor a formal written statement delineating all relationships between the independent auditor and the Company, consistent with Independence Standards Board Standard 1; and (c) actively engaging in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor.
4. Monitor the periodic rotation of the lead audit partner having responsibility for the audit and the concurring review partner of the independent auditor responsible for reviewing the audit in accordance with NASDAQ Rules and applicable law.
5. Review with the independent auditor: (a) the scope and results of the audit; (b) any problems or difficulties that the auditor encountered in the course of the audit work, and management's response; and (c) any questions, comments or suggestions the auditor may have relating to the internal controls, and accounting practices and procedures, of the Company or its subsidiaries.
6. Review, at least annually, the scope and results of the internal audit program, including then current and future programs, procedures for implementing accepted recommendations made by the independent auditor, and any significant matters contained in reports from the internal auditor.
7. Review with the independent auditor, the Company's internal auditor, and management: (a) the systems of internal controls (including any significant deficiencies and material changes in internal controls reported to the Audit Committee by the independent auditor or management), internal control over financial reporting, significant accounting principles and practices, and disclosure controls and procedures followed by the Company in accounting for and reporting its financial results of operations; (b) all critical accounting policies and practices used; (c) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, their ramifications and the preferences of the independent auditors; and (d) other material written communications between the independent auditors and management.
8. Review with management and the independent auditor the annual and quarterly financial statements of the Company, including: (a) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; (b) any material changes in accounting principles or practices used in preparing the financial statements prior to the filing of a report on form 10-K or 10-Q with the Securities and Exchange Commission; and (c) the items required by Statement of Auditing Standards 61 as may be modified and in effect at that time of the annual statements.

9. Recommend to the Board of Directors whether the financial statements should be included in the annual report on Form 10-K.
10. Review with management earnings press releases, and any formal guidance the Company may plan to offer.
11. Discuss with management Company policies with respect to risk assessment and risk management, and review contingent liabilities and risks that may be material to the Company and major legislative and regulatory developments which could materially impact the Company's contingent liabilities and risks.
12. Review: (a) the status of compliance with laws, regulations, and internal procedures; and (b) the scope and status of systems designed to promote Company compliance with laws, regulations and internal procedures, through receiving reports from management, legal counsel and third parties as determined by the Audit Committee.
13. Establish procedures for the receipt, retention and treatment of complaints regarding the Company's accounting, internal controls and auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
14. Review policies for the hiring of employees and former employees of the independent auditor to ensure that the independence of the independent auditor is not affected.
15. Provide the report required by the Commission to be included in the Company's annual proxy.
16. Review annually this charter for adequacy and recommend changes to the Board of Directors.

### **Authority**

In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention. The Audit Committee is authorized to engage independent counsel and other advisers, as it determines necessary to carry out its duties. The Audit Committee shall have the authority to take all actions consistent with this Charter, the Company's Articles of Incorporation and Bylaws, the NASDAQ Rules and governing law that it deems necessary or appropriate to fulfill its duties and responsibilities.

### **Funding**

The Company shall provide appropriate funding, as determined by the Audit Committee without seeking the approval of the Board or the Company, for (a) compensation of the independent auditors, (b) compensation of any advisers retained by the Audit Committee, and (c) ordinary administrative expenses of the Audit Committee that are necessary or appropriate to carry out its duties.

### **Meetings**

The Audit Committee shall meet at least quarterly and at such other times as it deems necessary to fulfill its responsibilities. The Audit Committee shall periodically meet separately, in executive session, with management, the internal auditor and the independent auditor to discuss matters that any of them believe should be discussed privately with the Audit Committee. The Audit Committee shall report regularly to the Board of Directors with respect to its activities and make recommendations to the Board of Directors as appropriate.