

## **Audit Committee Charter Adopted January 12, 2004**

### **Purpose**

The Audit Committee (the "Committee") is created by the Board of Directors of the Company to:

- assist the Board in its oversight of responsibilities by overseeing the accounting and financial reporting process of the Company and the audit of the financial statement of the Company by reviewing:
  - the integrity of the financial statements of the Company;
  - the qualifications, independence and performance of the Company's independent auditors; and
  - the performance of the Company's internal audit function.
- prepare the audit committee report that Securities and Exchange Commission rules require to be included in the Company's annual proxy statement.

### **Membership**

The Committee shall consist of at least three members comprised solely of independent directors meeting the independence and experience requirements of National Association of Securities Dealers Automated Quotations (NASDAQ). No Committee member shall simultaneously serve on the audit committees of more than two other public companies. Committee members shall be appointed by the Board and may be removed by the Board at any time. The Board shall designate the Chairman of the Committee.

### **Authority and Responsibilities**

In addition to any other responsibilities that may be assigned from time to time by the Board, the Committee is responsible for the following matters:

#### **Independent Auditors**

- The Committee has the sole authority to appoint, compensate, retain, oversee and terminate the independent auditors of the Company (subject, if applicable, to shareholder ratification), including sole authority to approve all audit engagement fees and terms and permissible non-audit services to be provided by the independent auditors. The independent auditor must report directly to the Committee.
- The Committee shall preapprove the audit services and non-audit services pursuant to preapproval policies and procedures established by the Committee to be provided by the Company's independent auditors. The Committee may consult with management in the decision-making process, but may not delegate this authority to management. The Committee may delegate its authority to pre-approve services to one or more Committee members, provided that such designees present any such approvals to the full Committee at the next Committee meeting.
- The Committee shall evaluate the independent auditors' qualifications, performance and independence, and shall present its conclusions with respect to the independent auditors to the full Board on at least an annual basis.

#### **Internal Auditors**

- The Company's Chief Financial Officer shall be the Company's chief audit executive and shall report directly to the Committee.

#### Financial Statements; Disclosure and Other Risk Management and Compliance Matters

- The Committee shall review with management, the internal auditors and the independent auditors, in separate meetings if the Committee deems it appropriate:
  - the annual audited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of the Company's Form 10-K; and
  - the quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of the Company's Form 10-Q.
- The Committee shall, in conjunction with the CEO and CFO of the Company, review the Company's internal controls and disclosure controls and procedures, including whether there are any significant deficiencies in the design or operation of such controls and procedures, material weaknesses in such controls and procedures, any corrective actions taken with regard to such deficiencies and weaknesses and any fraud involving management or other employees with a significant role in such controls and procedures.
- The Committee shall have sole authority over the resolution of any disagreements between management and the independent auditor regarding the Company's financial reporting.
- The Committee shall establish procedures for:
  - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- The Committee shall review any significant complaints regarding accounting, internal accounting controls or auditing matters received pursuant to such procedures.
- The Committee shall prepare the audit committee report that Securities and Exchange Commission rules require to be included in the Company's annual proxy statement.

#### Reporting to the Board

- The Committee shall report to the Board periodically. This report shall include a review of any issues that arise with respect to the quality or integrity of the Company's financial statements, the qualifications, independence and performance of the Company's independent auditors, the performance of the internal audit function, any funding requirements for the outside auditors, Committee and any advisors retained by the Committee to assist it in its responsibilities and any other matters that the Committee deems appropriate or is requested to be included by the Board.
- The Committee shall annually review and assess the adequacy of this charter and recommend any proposed changes to the Board.

#### Procedures

The Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter, but not less frequently than quarterly. The Committee shall periodically meet in executive sessions, without management participation. The Chairman of the Committee, in consultation with the other committee members, shall determine the frequency and length of the committee meetings and shall set meeting agendas consistent with this charter.

The Committee is authorized (without seeking Board approval) to retain special legal, accounting or other advisors and may request any officer or employee of the Company or the Company's outside counsel or independent auditors to meet with any members of, or advisors to, the Committee.

The Committee may delegate its authority to subcommittees or the Chairman of the Committee when it deems appropriate and in the best interests of the Company.

#### Limitations Inherent in the Audit Committee's Role

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 GAAP. This is the responsibility of management and the independent auditors. Furthermore, while the Committee is responsible for reviewing the Company's policies and practices with respect to risk assessment and management, it is the responsibility of the CEO and senior management to determine the appropriate level of the Company's exposure to risk.